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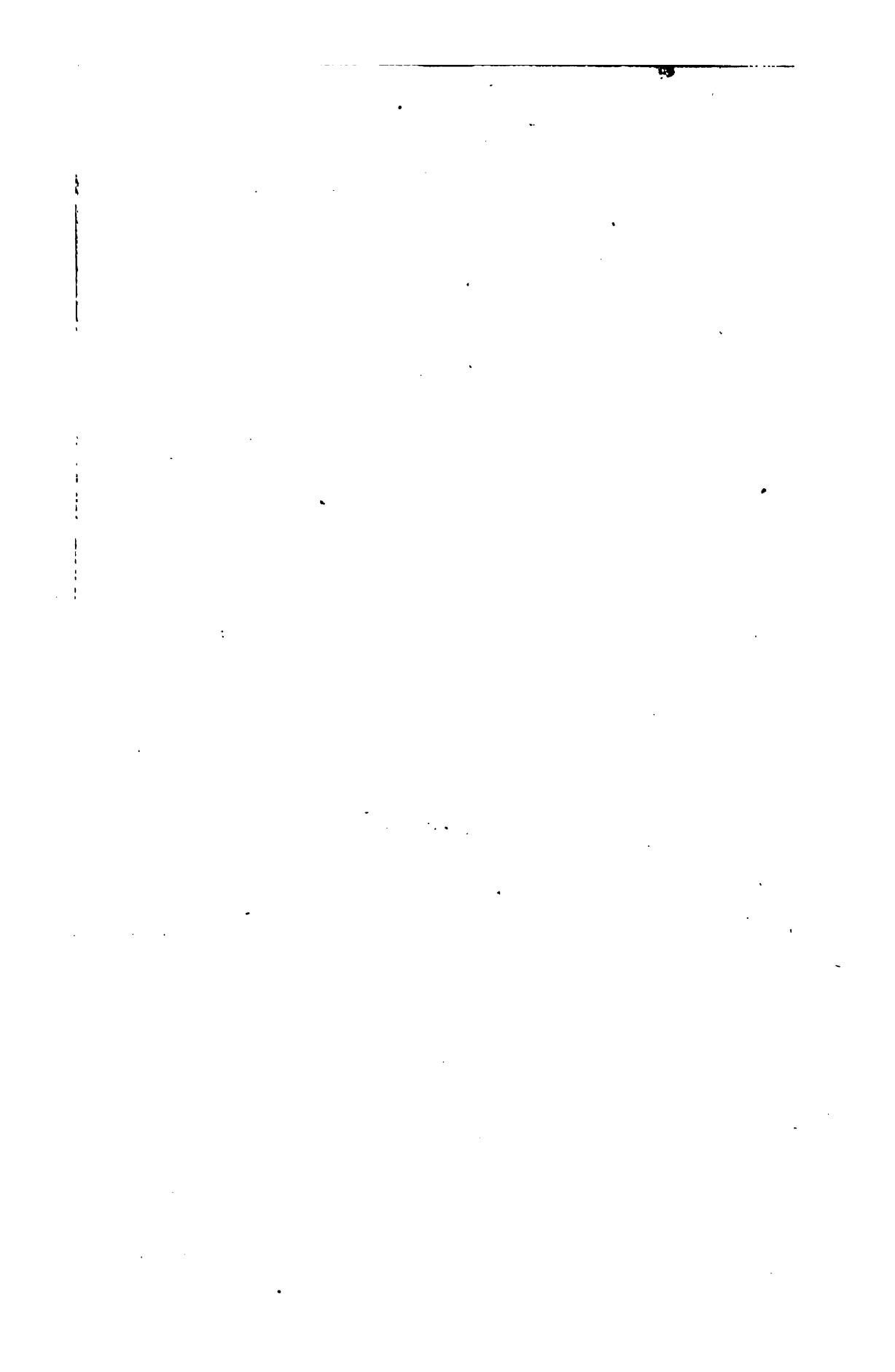
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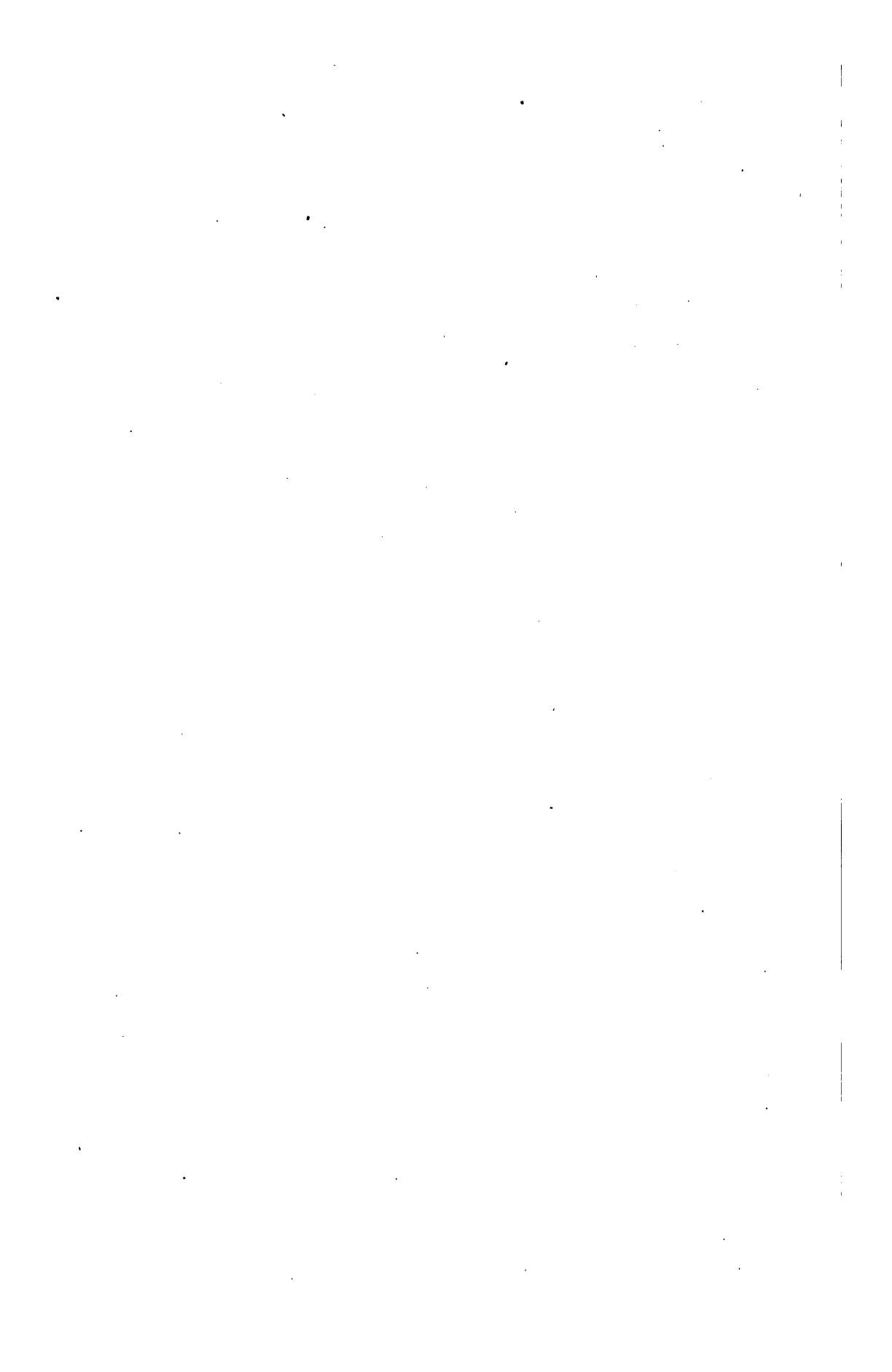
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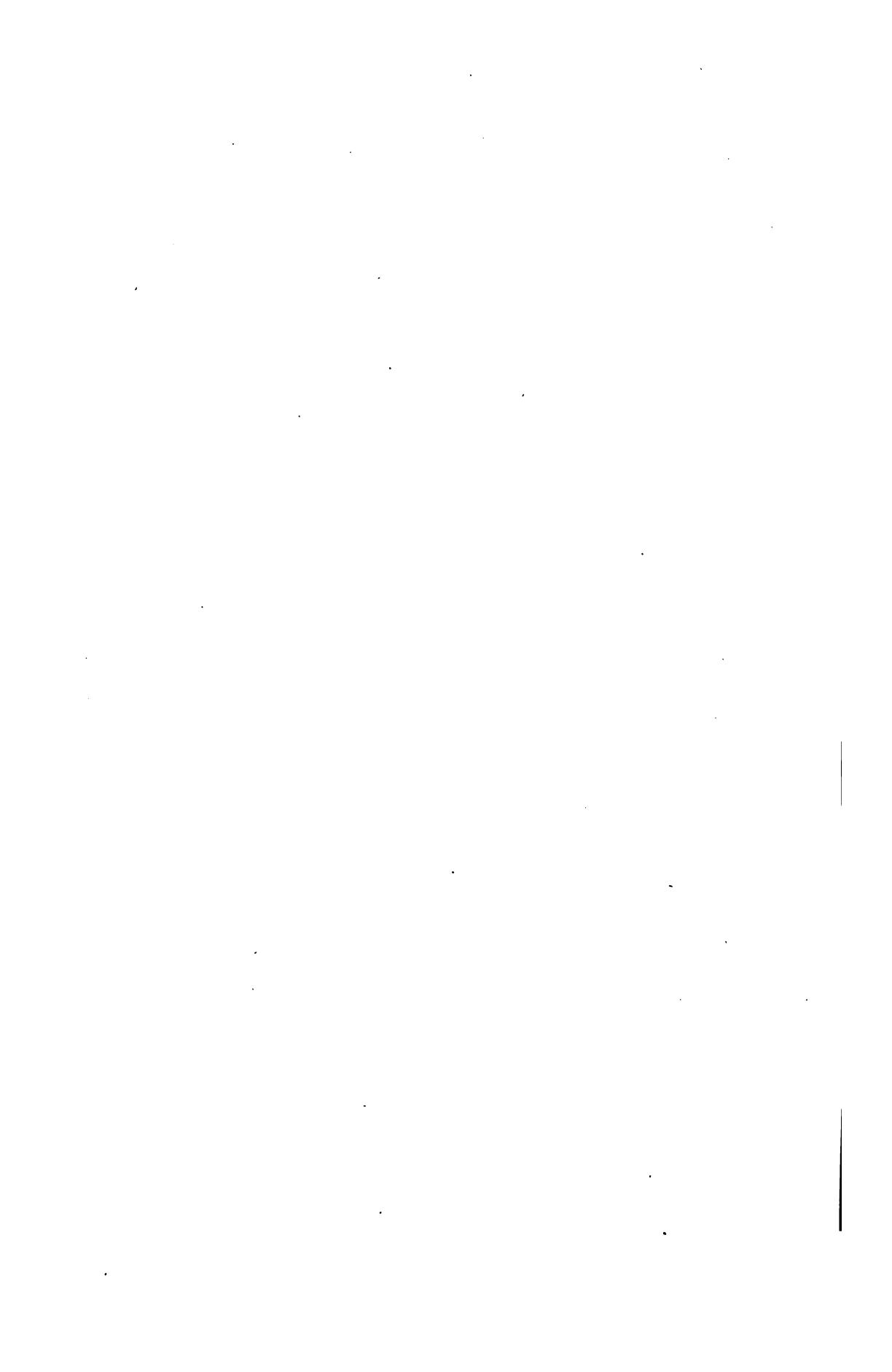


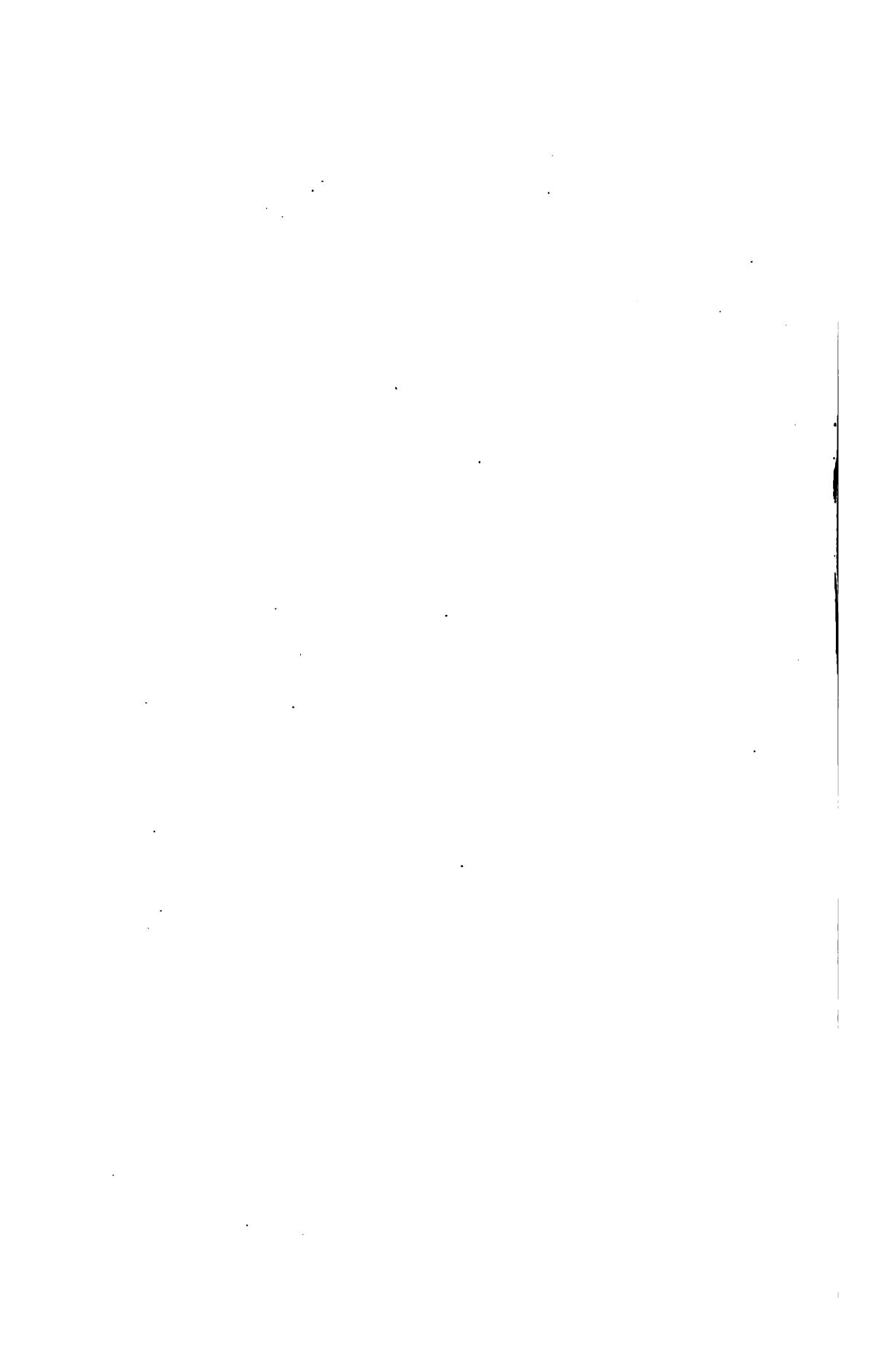


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INVESTIGATION OF SHIPPING TRUST

HEARINGS

ON

HOUSE JOINT RESOLUTION NO. 72

PROVIDING FOR AN INVESTIGATION OF
THE SO-CALLED SHIPPING TRUST

352
5-11

MONDAY, DECEMBER 18, 1911



WASHINGTON
GOVERNMENT PRINTING OFFICE
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COMMITTEE ON RULES.

ROBERT L. HENRY, *Chairman.*

EDWARD W. POU.	MATTHEW R. DENVER.
THOMAS W. HARDWICK.	JOHN DALZELL.
AUGUSTUS O. STANLEY.	WILLIAM W. WILSON.
FINIS J. GARRETT.	IRVINE L. LENROOT.
MARTIN D. FOSTER.	PHILIP P. CAMPBELL.

W. E. CLARK, *Clerk.*

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INVESTIGATION OF SHIPPING TRUST.

COMMITTEE ON RULES,
HOUSE OF REPRESENTATIVES,
Washington, D. C., Monday, December 18, 1911.

The committee met at 10.30 o'clock a. m., Hon. Robert L. Henry in the chair.

The committee thereupon proceeded to the consideration of House joint resolution 72, "For the appointment of a committee to investigate commerce on the high seas."

The CHAIRMAN. Gentlemen, the committee is in session to consider House joint resolution 72. Mr. Humphrey, if you are ready to proceed, the committee will now hear you.

STATEMENT OF HON. WILLIAM E. HUMPHREY, A REPRESENTATIVE FROM THE STATE OF WASHINGTON.

Mr. HUMPHREY. Mr. Chairman, I am ready to present the matter. I regret that there are not more of the members of the committee here, especially in view of the fact that gentlemen have come voluntarily from New York City, from Louisville, and from Baltimore to be heard. These gentlemen have come of their own volition because they saw this matter announced; they would like to say something to the committee.

The CHAIRMAN. Other members will be in a little later on, and the hearings will be printed and examined carefully by every member of the committee.

Mr. HUMPHREY. Some of the members of the committee (at least one, Mr. Dalzell) have heard me present this matter before. Other members of the committee are more or less familiar with it, and I feel somewhat embarrassed, as it is like telling a thrice-told tale for me to repeat a great portion of what I will say this morning.

Mr. DALZELL. I have forgotten enough of it, Mr. Humphrey, to be very willing to hear you again.

Mr. HUMPHREY. I think I should go over it. I tried to get copies of the hearings that were held before, but it seems they have been destroyed in making a change in administration in some way. They have disappeared.

The matter I want to call your attention to particularly is with regard to foreign steamship combines, although this resolution calls for an investigation of domestic shipping as well as foreign. I want to say at the outset that this is not so much a matter of investigation to see whether somebody is violating the law, along the line of some of our investigations, as it is a matter of a commission or a committee of the House and Senate to consider facts which are very largely known, to see what legislation if any is necessary, to see what influ-

ence these combines have upon our commerce, and also whether or not some of the nations with which we have treaties are violating their treaty agreements.

It is hardly necessary for me to state to any person who has the matter the least attention in the last few years that something over 90 per cent of our foreign commerce, amounting approximating to \$3,500,000,000 is now carried in foreign ships. It is also a matter of almost common knowledge that between these ships carrying 90 per cent of our foreign trade there is no competition; none whatever. The rates for passenger and freight traffic between this country and Europe are fixed in advance by agreements made in Germany. The passenger rates are fixed in Jena, Germany. That matter is left to Mr. H. Peters, who is the secretary of the conference, and he reports twice a month what the rate shall be for the carrying of passengers on the North Atlantic between this country and Europe. The same condition exists with regard to our freight rates. The rate that every pound of freight must pay between here and Europe as between here and South America is fixed in advance by agreement. The rates between here and Europe are fixed in Germany and between here and South America are fixed principally in New York. I will have something to say about South American trade further on.

All these lines, both on the Atlantic and Pacific Oceans, except what is known as the North Atlantic Conference, where the passenger traffic controls, practice what is known as the deferred rebate system. The transoceanic lines on the Pacific practice the rebate system (and I have a copy of the contract in my possession under which they are now operating; these contracts are made in Japan) include all the transoceanic lines upon the Pacific Ocean, both American and foreign. The lines between here and South America give large rebates to all their customers.

The form of those rebates I have in my possession. One of the gentlemen representing Hard & Rand, coffee merchants of New York, testified under oath before the Steenerson committee, of which Mr. Garrett was a member, that they had a contract with Lampert & Holt's Line whereby they were to receive rebates; and that at the time the gentleman testified Lampert & Holt owed them something like \$28,000 of rebates, which they stood to forfeit if they patronized any other line. That, as I say, was admitted under oath before the Steenerson investigating committee, and a copy of that rebate agreement was published in those hearings.

So there is no dispute upon the proposition that all the foreign steamship lines running between here and South America and between here and the Orient practice the rebate system, and that their customers are compelled to sign written agreements that they will not patronize any line outside of the conference.

I have in my possession a letter written to me only a short time ago by the Arbuckle Co., of New York, in which they stated to me that the conference lines between here and South America had refused to carry any coffee for them unless they would sign a written contract not to patronize any of the independent lines. A representative of the Arbuckle Co. is here this morning. He came here voluntarily, as I have said, and he can tell you more about that matter if you desire to know about it. But there is no dispute about the facts upon that subject.

LL. You spoke of the conference lines and other lines. A portion of the carrying trade do the conference lines represent?

Mr. HUMPHREY. Practically all of it. Arbuckle has a few ships of his own running between here and South America. His coffee comes there in cargoes. He carries his coffee that way; the conference lines refuse to carry coffee for him at any price. They absolutely refuse to consider carrying coffee for a firm that will not sign an agreement not to patronize any outside line.

While I am upon that South American subject I might give you one illustration in point that shows how completely this combine controls the situation between here and South America. The other day, in looking over these statistics, I discovered that last year one-fourth of the vessels that came from South America to this country came in ballast. So completely does that South American combine control the trade between here and South America that it compels day one-fourth of the vessels coming to this country to come here without carrying a cargo, at any price. It is an absolute fact that a ship can be in a South American port to-day and offer to carry a cargo of coffee for nothing, and it can not get it. Our consuls have frequently reported upon that situation. One of our consuls in Brazil (I forget now at which port) states that a Brazilian coffee merchant made a contract with an outside ship in the harbor to carry a cargo of coffee to New York for just half what the conference line would carry it for. When the conference lines found it out their agent served notice upon the coffee merchants that if they let the ships carry that cargo they, the conference lines, would not carry coffee for them afterwards, and forced them to cancel that contract and to send their coffee by the conference line, and to pay double the amount asked by the independent ships. Similar occurrences are frequent, is the common practice, so common that it does not attract attention.

I might say here in passing that these conferences and combines and rebate systems and all the other things they practice are not only not illegal in other countries, but are upheld by law. The German and English courts enforce these rebate systems and all other discriminations practiced by them.

Another thing that is in point and that interests the American people directly is that all these conference lines, both upon the Atlantic Ocean and Pacific Ocean, between here and South America and between here and Australia, make special rates and give special privileges to the great trusts of this country. That is particularly true of the Standard Oil, of the Steel Trust, and especially of the harvester combine. It seems from the evidence adduced before the Royal Commission on Shipping Rings, copies of which I have here, that the harvester combine is a favored shipper over all of them.

Mr. GARRETT. The Standard Oil is not a trust any more, is it?

Mr. HUMPHREY. It was when this evidence was taken, but it appears in the evidence taken before that commission (and my friend Mr. Garrett may be more or less familiar with it) time and time again all through those hearings, that those three trusts in particular, those three great combines, receive special rates from these foreign steamships. I remember—

Mr. GARRETT. Pardon me. That is the report of the Royal Commission?

Mr. HUMPHREY. Yes, sir; I brought it over because I thought there might be some question raised about it, and there were some gentlemen coming here who wanted to see it. I am familiar with it; and I have referred to it so often that, as I said before, I feel that you are probably tired of hearing me tell this story.

Mr. GARRETT. Was that commission raised by the British Parliament? It was raised by the British Government in some branch, was it not?

Mr. HUMPHREY. By the British Parliament; yes.

Mr. LENROOT. By "special rates" do you mean unusually low rates for the commodity or special rates to the corporation?

Mr. HUMPHREY. The evidence is not very satisfactory, for the reason that the agents of these steamship lines when they appeared before this commission protected their American patrons, and refused to give details because they were afraid they would get into trouble over it. Whenever they were pressed by a question, if they refused to answer on the ground that it might injure their business, they were excused from answering; and frequently they gave their testimony in executive session, and it was not published.

It appears all the way through that they wanted to protect their American customers, because they feared that they might get into trouble with the law if they told the details. But it appears frequently that special privileges were given to the corporations I have mentioned. They asked for a report from the ambassador here, Ambassador Bryce (I will not stop to read in now, but will call it to the attention of the committee later), in which, after reviewing the reports from the various consuls in this country, he says there is no question but that the rebate system is practiced, and that preferences are given to the Standard Oil and the Steel Trust and to other great corporations; and he says that, owing to the fact that there is some question as to whether or not this is a violation of the antitrust laws of this country, the details are not obtainable.

Mr. GARRETT. In that connection, did those reports not show that American railroads were involved in that as well as steamship companies?

Mr. HUMPHREY. As I recall, the reports do not show that American roads were involved in it; but there was evidence before your committee that showed that, which I will refer to a little later on.

Mr. DALZELL. All these steamship companies fly a foreign flag, do they not? They all operate under a foreign flag?

Mr. HUMPHREY. All that I have referred to were operating under a foreign flag; but this is true also, Mr. Dalzell, of the American ships upon the Pacific. I know, because I have a copy of the contract. They are all in the combine. The American ships—the Pacific Mail and the Hill vessels—the Japanese vessels, and English vessels upon the Pacific are all in one combination. They all use one form of contract. I have a copy of it, as I say. It was sent to me a short time ago. Upon the Atlantic Ocean I have no absolute evidence that the American lines are in the combine, but I believe they are, from what I know about the situation. But I would not make that statement without qualification, as I do about the others, because I have not the absolute evidence to show it. But I have evidence to support all these other statements that I have made, and I think I can say that I have evidence that would be competent in court to establish every statement I have so far made.

What I started to say a moment ago when I was interrupted was this. I met a gentleman down at the New Willard one day about a year ago, and something was said about this situation. I mentioned having read the evidence to the effect that these foreign steamship combines give special rates to the steel trust, among others. He said: "Well, that explains something that I have been trying to ascertain for some time." By the way, he was from Pennsylvania. His name I do not recall. But he said: "I represent one of the big steel manufacturers of this country, and we have never been able to do anything in foreign countries." He said: "We just tried to bid against the steel trust for some bridges in Japan and we were hopelessly underbid, and never understood before." He said: "This makes it perfectly clear to me now, and I know the reason we have never been able to get any foreign business."

I give that as an incident showing the general situation.

There is a steerage traffic agreement between here and Europe on the North Atlantic. The Department of Justice has a copy of the agreement signed by the lines in that trade. It is signed by all the lines that carry passengers on the North Atlantic, and it is one of the most infamous written agreements that I have ever read. I will not undertake to give it to you in detail. I will give you some of its provisions.

In the first place they divide up the traffic according to percentage. Each line puts up a bond of \$5,000 for each per cent, to guarantee that it will not carry more than its proportion, making a large amount—\$500,000—that the combine has up to compel the lines to live up to their various written agreements. And if anyone of the lines fails to get its proportion of the business it is unanimously agreed that it shall not be obtained by the lowering of rates. The secretary of that combine, Mr. Peters, in Jena, Germany, tells them twice a month, as I remember, what rates they shall charge. Each line is compelled to report twice a month as to what its proportion is. No outside line is permitted to enter the combine except by the unanimous consent of all the lines in the conference. This is the combine that works with the railroads.

I have somewhere a letter written by a railroad agent in Michigan, in which he said that he had been informed that if he sold a ticket from his station in Michigan to Europe and it did not read over one of the conference lines he would receive no commission. That was one little item of evidence. But when Mr. F. C. Donald, of Chicago, the agent of the Central Passenger Association that represents some 20 or more railroads running out of Chicago, was before the Steenerson investigating committee, after trying to evade the question for some time, he finally admitted that that was the case, and that unless the tickets were sold over some conference line the railroads paid no commission to the agent for selling them. So there is at least that much established between the railroads and that North Atlantic combine.

There is another set of facts. I am not prepared to say that the railroads are in the combine in this matter. I do not undertake to explain it, but I will give you the facts, which are well known, and the committee can draw its own conclusions from those facts as well as I. I happened not a great while ago, in talking to some one connected with the War Department, to discover that some officer who had

bought some steel in Seattle, to be sent to Manila, had been very severely criticized for so doing; and I ascertained that the reason was because you can send a ton of steel from Pittsburgh to Manila cheaper than you can send the same ton of steel from Seattle to Manila, although it might go in the same vessel from Seattle to the other side. I also discovered that you can send a ton of crockery from Germany, we will say, to Cincinnati or to Denver, cheaper than you can send it from a factory in this country to Cincinnati or Denver. You can also send a case of beer to-day from Germany to Salt Lake City for less than you can send that case of beer from Cincinnati to Salt Lake City, although it may be carried over the same railroad from Cincinnati on.

Those are some of the facts that exist.

The committee can draw their own conclusions as to the connection the railroads have with the combine. I have not direct evidence as to just how far the railroads might be guilty in that matter.

These North Atlantic Conference lines also do this. They not only divide up the traffic in certain proportions and agree as to the rate that shall be charged, and pool their earnings and divide the profits, but they also dictate through what ports passengers shall pass. They say what number of passengers shall go to Boston, what number of passengers shall go to New York, what number shall come to Philadelphia—and the result has been that Philadelphia, Baltimore, and some of the southern ports have been cut out of the traffic very largely. Another thing that they resort to—

The CHAIRMAN. Mr. Humphrey, I do not want to break into your argument, but I would like to ask you one or two questions right there.

Mr. HUMPHREY. I have no objection. I am speaking without any definite plan.

The CHAIRMAN. Have you ever called the attention of the President and the Attorney General to this state of facts that you have set out?

Mr. HUMPHREY. Yes, sir; I have—and I want to refer to that. I might as well do it now as at any time.

The CHAIRMAN. Do you believe there are violations of our anti-trust laws?

Mr. HUMPHREY. I will tell you the opinion of the Attorney General on that, as I think it is worth more than my own. The Attorney General now has a suit pending against this North Atlantic Conference. I have tried to assist him in that matter, and I think I did furnish him with the means of securing some very valuable evidence. The Attorney General thinks he has authority to reach these foreign steamship combines under the present law. He is a good lawyer, and Mr. Wise, who has charge of the matter in New York, is a good lawyer, and I would not want to put my judgment against theirs. But at the same time the Attorney General recognizes that he has not as efficient remedy against these foreign steamship combines as he would like.

The CHAIRMAN. Why?

Mr. HUMPHREY. Well, the reason is this: I can give you an illustration. Peter Wright & Son brought suit against this foreign combine. The answer set up by the combine in that suit was that they were a foreign corporation, that they were doing business under a foreign flag, and that the court had no jurisdiction. That position was

sustained in that case. That was not a case brought by the Government, however. That was the case of Peter Wright & Son bringing suit for being driven out of business by a combination known as the "Fighting ships," which I intend to refer to later; but I want to say, further, that the Attorney General, Judge Alexander, and myself last year had two or three different conferences. I think Judge Alexander was at one and probably two.

Mr. ALEXANDER. One.

Mr. HUMPHREY. We have a bill now pending before our committee, which has the unanimous approval of that committee, to help strengthen the Attorney General in this particular by removing all question about jurisdiction and giving him authority to reach these combines. I hope to have that bill reported at the first meeting of our committee, because, I am glad to say, that so far as our committee is concerned, at least, there has been no division along party lines on any of these matters. Neither is there any division on this resolution, and I am very much pleased to say to this committee and to the public generally, that, at least so far as our committee is concerned, we have been able in approaching this question to do it without reference to party lines and without bringing any questions of Democracy or Republicanism into it. Our opinion has been unanimous. I am also greatly pleased to state that Judge Alexander and Mr. Hardy, the chairman and the ranking member of the majority on my committee, are here now to assist me in urging the adoption of this resolution.

The CHAIRMAN. Then, in addition to that, you think the Attorney General is making an earnest and an honest effort to break up this alleged combination?

Mr. HUMPHREY. I think he is. In fact I know he is. I know that the Attorney General would like very much to see this resolution passed because I did not introduce it or attempt to do anything in the matter until I had talked with him and with the President about it, and also with Mr. Nagel, the Secretary of Commerce and Labor. I knew they were going to bring this suit long before it was brought, and I did not want to do anything that would interfere with their prosecution of this case. But all three, the President, the Secretary of Commerce and Labor, and the Attorney General, are anxious to have this resolution passed, as they believe it will enable a commission to get at the situation in ways that are not open to them. They do not think it would interfere with the present prosecution, but on the contrary might furnish much valuable information to the Department of Justice.

The CHAIRMAN. Would you have any objection to our inviting the Attorney General and the Secretary of Commerce and Labor before the Committee in order that we might interrogate them as far as would be appropriate?

Mr. HUMPHREY. Not at all.

The CHAIRMAN. So as to get at the situation?

Mr. HUMPHREY. I would be glad to have it done, because I have consulted with both of them from time to time in regard to the matter.

Mr. LENROOT. What remedies are sought or may be sought under the existing law to cure the situation?

Mr. HUMPHREY. Do you recall, Judge Alexander, just what they are seeking to do in that New York case? I wish I had brought the papers with me. I had them.

Mr. ALEXANDER. That is a proceeding under the Senerman antitrust law, to ascertain of these ships are in a combine or trust, and if they are to dissolve the trust in an equitable proceeding, and to invoke the powers of a court of equity to accomplish that end. But it may be abortive.

Mr. LENROOT. There would be a question as to our power to regulate foreign corporations.

Mr. HUMPHREY. There is that question, of course.

Mr. HARDY. I would like to have Mr. Humphrey state the proposition that is before our committee as to the remedy.

The CHAIRMAN. Is that bill an amendment of the antitrust law or supplemental legislation?

Mr. HUMPHREY. I would think it is supplemental legislation. I am sorry I have not the bill here. In brief it gives jurisdiction, so that if any vessel is in any illegal combine it can be fined in the sum of \$25,000 upon conviction.

Mr. HARDY. And the cargo forfeited.

Mr. HUMPHREY. The Attorney General drew the bill, largely. I introduced the bill first, and then it was amended, and it was agreed upon by Judge Alexander and the Attorney General and myself, in its present form.

The CHAIRMAN. We certainly could pass legislation that would reach these combinations that intend to execute their contracts and conspiracies in this country.

Mr. HUMPHREY. There is no question about our having absolute jurisdiction, in my judgment, over vessels that come within our ports. We can say what they shall do inside of our own ports, and by a proper law we can reach these combinations. There is no question about it. For instance, we passed at the last session of Congress a law compelling all ships, no matter what their nationality, to be equipped with wireless telegraph.

Mr. ALEXANDER. We have the right to regulate shipping that enters and clears from American ports, and to prescribe the conditions under which this commerce may be carried on. I do not think there is any question about it.

Mr. GARRETT. Of course a resolution might be enacted which would interfere with existing treaties.

Mr. ALEXANDER. Oh, yes.

Mr. GARRETT. But that power exists. There is no doubt on earth about it.

Mr. ALEXANDER. Yes; I am speaking about the actual power. We might violate some treaty obligations.

Mr. HUMPHREY. There is another matter that I wish to impress upon the committee that, it seems to me, is one urgent reason why something should be done in this matter at once, and that is with reference to the Panama Canal. I think there is a gentleman present who, if he saw fit, could give you some information in regard to this matter. I do not know whether he feels that propriety would permit him to do it or not, but he could give some information with regard to attempts that have been recently made to establish a line of steamers from New Orleans to South America. The State of Louisiana took up that matter, and in order to encourage the establish-

ment of that line, as I recall, exempted from taxation the property that might be owned by any company for a period of some 15 years. I think that is the substance of it. Then some gentlemen—one, as I recall, from St. Louis, one from Louisville, and one from New Orleans—took up this matter to see if something could not be done, and two of those gentlemen recently visited South America. One of them is present now, but I do not know whether he would care to address the committee or not. He can speak for himself when the time comes.

Anyway, they went to South America, and they found encouragement, especially in Brazil. Brazil expressed a willingness to assist to establish that line. Just as soon as that became generally known the foreign steamship combine followed its usual tactics. The Royal Mail, which is one of the strongest lines in the world, having now something over 750,000 tons in that one line (one-third more than the United States has under its flag), immediately absorbed the Lampert & Holt Line and one other little line whose name I do not recall, which runs around to the west coast of South America, so as to get an absolute monopoly, ready for the opening of the Panama Canal and prevent the establishment of the proposed line.

I might also say, in passing, because it has a bearing upon this question so far as our treaties are concerned, that the Royal Mail as well as several others of these foreign steamship lines are subsidized lines, subsidized by the Government they represent. The Royal Mail is subsidized and has been subsidized since 1841; and a good many of these lines that I claim are violating at least the spirit of our laws are receiving a direct mail subsidy, and represent the Government in that respect.

I am not now speaking with any direct evidence as to this, as I did on the matters awhile ago. But I have been informed that after these gentlemen visited South America some of their representatives went to New York to get this line financed from this end of the line, and that they were informed that there would be no money furnished for the establishment of any steamship line to South America unless it was indorsed by the financial interests in London. So that ended that proposition.

This Royal Mail Line to-day absolutely controls the shipping to South America both on the west and east coasts; and if the present conditions continue when the Panama Canal is finished, if we make no discrimination in favor of American shipping, the Panama Canal will have been constructed principally for the benefit of the Royal Mail, because they are going to control commerce through it by the rebate system and by crushing out competition, just as they have already between here and South America.

Mr. LENROOT. We could make conditions relative to the use of the Panama Canal if we chose.

Mr. HUMPHREY. I think we will, too, when the time comes. I trust so.

There is one other thing I want to speak about, to give this committee some idea of the workings of this foreign steamship combine along other lines. That is in preventing publicity. Perhaps some of the members of this committee are aware that I called attention on the floor of the House one day to the fact that this foreign steamship combine had a representative on the Associated Press by the name of

J. J. Wilbur, and had had for some years, and was paying him, as it was admitted before the Steenerson investigating committee by a representative of the combine, some \$3,000 a year. Of course after that was made public he was dismissed. But I want to give you a little history about that as throwing some light upon the methods employed by this combine. When I first discovered this——

Mr. GARRETT. He was dismissed by the Associated Press?

Mr. HUMPHREY. Yes; by the Associated Press. That is what I mean. He is still serving the foreign steamship combine, as far as I know.

When I first discovered the publication of this work here, Royal Commission on Shipping Rings, I brought it to the attention of a newspaper man. I am not going to give the names of any of the men in this transaction for reasons that are apparent to anyone. I said to this newspaper man that I had discovered this work, and that what I had been suspecting and what I had said on the floor of the House sometime before was all proven by the admissions of the agents of these various steamship lines; and I said to him: "I want you to find out whether or not any of this news can get out of Washington." So he went to two of the leading newspaper men in this city and he told them about it. They said: "That is not news." He replied to them: "I am a newspaper man myself, and have been for about 25 years, and I know it is news. What is the matter with you boys?" Both of them said: "Well, Mr. Wilbur has been to see us. He is a good fellow and does not want us to send it out, and we are not going to do it."

For several years it has been almost impossible to get over the Associated Press a single item that in any way reflected upon this foreign steamship combine as to their methods, or that gave publicity to any of their practices.

Mr. LENROOT. Right there, Mr. Humphrey, was that through this man here or through the general policy of the Associated Press?

Mr. HUMPHREY. I think it was through the man here. That is my judgment about it.

Mr. LENROOT. It was solely confined to this place?

Mr. HUMPHREY. That is my judgment about it. I was mystified for some time. I knew there was something the matter, but I never was able to find out what the trouble was. That explained it, at least in part, and probably entirely.

Then I went to New York one evening and spoke at a banquet on on the subject of shipping between here and South America. About that time, as I recall, ex-Secretary of the Treasury Leslie M. Shaw spoke in New York, and he touched upon the same question. Considerable publicity was given to the two speeches. A short time after that a series of editorials appeared in the newspapers of the country, one appearing in the Washington Post, based on a letter supposed to have been written by the coffee merchants of New York disputing what Mr. Shaw and I had said, although it did not refer to us by name, but referred in a general way to the statements that had been made about the insufficiency of shipping between here and South America.

There was such a similarity of tone in the editorials that were sent to me (some clipping bureau very kindly sent me several of them)

that it was perfectly apparent they came from a common source. The Steenerson investigating committee went into this shipping question some, and it happened that this particular question was one of the matters investigated by that committee to a certain extent. I think probably I inspired it by telling one of the members of the committee about it. Anyway in that investigation these facts developed: That the agent of Lampert & Holt Line prepared that statement, took it to Hard & Rand and some other coffee merchants whom I do not remember, and requested them to sign it; and after some haggling back and forth, as appeared from the evidence, they did sign it. It also appeared further in the evidence that Lampert & Holt owed Hard & Rand at that time some \$28,000 in rebates, and it was questionable whether under their contract they would get that rebate if they failed to do what Lampert & Holt told them to do. Then it further developed that that statement was sent to the newspapers throughout the country, requesting favorable editorial comment, and that that request was accompanied in some instances, at least, if not in all, by a check renewing their advertisements in the newspaper. So that explained those editorials to some extent. It also is a significant fact, which I suppose is newspaper policy, that no one of those newspapers has ever corrected or said anything about the matter since it was exposed.

I want to give one other instance. I wrote an article for Pearson's Magazine, a copy of which I hold in my hand, in which I spoke about the South American shipping. I talked with the manager of that magazine a short time afterwards, and he told me that as soon as that article appeared the foreign steamship combines immediately ordered that their advertisements be taken out of his magazine. That is not very mysterious when you read article 16 of the contract that is signed by this North Atlantic Conference. I am going to read that for the benefit of the committee.

Article 16 of the contract contains the following plain and unequivocal statement:

No party hereto shall support any newspaper which may systematically attack any conference line.

And then it is added:

It was agreed that the words "support any newspaper" are more especially understood to mean that no advertisements are to be given to such newspaper.

And then it is significantly added that:

Stipulations of this kind of the Continental Conference have stood the test of many years of practical working.

I wanted to call the attention of the committee to that, because that explains to some extent at least the situation in this country. It has been true for a good many years that you see no steamship advertisements in this country in any newspaper or other publication that says one word in favor of American shipping. Either the editorials get the advertising or the advertising gets the editorials—one or the other. But that condition exists. I had long suspected it, and when the Department of Justice got hold of that contract it was explained.

The CHAIRMAN. How long is that contract? Is it too lengthy to be inserted in the hearings here?

Mr. HUMPHREY. No; I would be glad to put it in. I have given extracts from it. I put it in the hearing before, did I not, Mr. Dalzell?

Mr. DALZELL. I believe so.

Mr. HUMPHREY. I had it at that time.

The CHAIRMAN. I would put it in. I would like to have it included in the hearings. I think it is important enough to include it.

Mr. HUMPHREY. I will put it in so that you can see it. Then I have a speech here that I made in 1910, and copies of all these various conference contracts and the amount of the charge. That covers the whole ground. I think that is about all I have to say unless some member of the committee desires to ask me something in reference to the matter, except that I want to say this. I know that we have had a good many investigating committees. I do not think I will have to make any extended argument to convince this committee that I am not in favor of a good many of them; but, however that may be, this is a joint commission of the House and Senate, and it ought to be. One reason why it ought to be is because we are going to go into these questions with reference to legislation, and the question of the violation of our treaties. This resolution could have been passed in the Sixty-second Congress if it had not been a joint resolution. But I talked with Senator Lodge about it, and it was his opinion and also the opinion of the President that it ought to include the Senate. In addition to that fact Senator Clapp has spoken to me about it, saying that he wanted action taken soon, and that if it was not taken soon he intended to start it from that end of the line and pass it through the Senate. He was very considerate about it. He said he did not feel that he ought to do it, inasmuch as it had been up in the House and we had been urging it, and he asked me if I would not have as prompt action on it as possible—and Mr. Henry knows that I tried to get a hearing on it last session.

It does seem to me, gentlemen, that this is one commission that ought to be appointed. As I said a while ago, there is no partisanship in this matter so far as I know. It is urged by every member upon our committee as far as I have information, and I do not know of anybody that is opposed to its being done. When we stop to think of the fact that we are spending so much of our time in the investigation of our domestic corporations, and then remember the fact, about which there is no dispute, that our foreign commerce is absolutely controlled by these combinations that fix freight rates, not by the laws of trade or competition, but by agreement, we ought at least to investigate and see whether it is not necessary that some legislation be had; and we ought to find out what effect it has, if any, upon our commerce, and to what extent these combinations work with our railroads.

Mr. DALZELL. Could any commission make the existing evil more apparent than you have already done by the evidence you have gathered and the evidence that has been taken by this other committee? It is very apparent, it seems to me, that there is a necessity for some sort of remedy. Would the commission aid us at all in this matter? It seems to me it is up to Congress now.

Mr. HUMPHREY. Along certain lines the evidence I have is practically complete, but if you go a step farther and undertake to go into the railroad end of it, it is not; and you can not get that evidence for the very reason I have pointed out—that they have not been as

frank as these foreign combines in telling about what they are doing. Another thing about it is this: You might say that the evidence I have gathered would answer the purpose just as well; but if you have a commission of the House and Senate and they find these things which I have stated to be true, and report the facts, it carries some weight. You can not get the attention of the country or of the House and Senate when some Member makes his statement alone. People are too busy to consider it.

Mr. GARRETT. It might be proper to state that the Steenerson committee, of which I have some knowledge, having been a member of it, did not go as elaborately into this question as the members of the committee would have liked, for the simple reason that we doubted our power under the resolution.

Mr. HUMPHREY. I know that.

Mr. DALZELL. What did the committee report?

Mr. GARRETT. It did not report on this phase of the matter.

Mr. HUMPHREY. It had no authority, really, to investigate along these lines; but it did bring out a great deal of valuable information.

Mr. GARRETT. They extended a great deal of this information and we did a great deal of work in New York about it, you know. Mr. Hawley, of Oregon, and myself went through the books of this conference or association of conferences there at 17 State Street. We went through them and were invited to look at anything that we wanted there; but nevertheless the committee did not feel that it had authority to go with thoroughness into all these questions.

Mr. HUMPHREY. You found also that what I stated was correct, did you not, Mr. Garrett, that when you wanted to show the relations of the railroads that it was not so easy to get the evidence?

Mr. GARRETT. Oh, yes.

The CHAIRMAN. Have you any information as to facts that you do not feel at liberty to offer the committee and that you think would be developed if a commission were authorized?

Mr. HUMPHREY. I have some evidence in regard to the South American situation that has come to me in confidence and that I can not make public.

The CHAIRMAN. But you would, of course, disclose that to the commission?

Mr. HUMPHREY. Yes; I would. I have received some information from South America owing, I suppose, to the fact that I have had my name in these various newspapers and magazines, and I have received information from nearly all over the world in regard to it. I want to say one other thing about some evidence that I forgot to mention in connection with the South American combine. It is nothing, however, except mere addition. I received a letter from Kohler & Campbell, piano men in New York, I think only about 30 days ago—anyway it has been within a short time—in which they informed me that the combine had raised the freight rate on their product from 8 to 30 cents a pound without any notice to anybody except to tell them that that was what they would have to pay hereafter. That shows how absolute and how autocratic they are.

Mr. WILSON. Who raised this rate?

Mr. HUMPHREY. The Lampert & Holt Line, the line they ship over; and I also have a letter in which it is stated substantially that this firm took down to the wharf a shipment of some 29 pianos to be

shipped to South America by this line. They said it was not convenient to send the pianos in that particular ship; and that they had been sent down too soon. They had a great deal of freight and the pianos having been put on the wharf first, they were the last to be loaded; and they left them. The piano company made complaint about it, and the line refused to give the pianos up, claiming they had the right to hold them under their agreement. So they kept them there for some weeks and then sent them on another ship; and when that boat arrived at its destination the pianos were very greatly damaged. Kohler & Campbell asked for some redress, and received no reply to their letter. Along about that time they got notice that the rate had been raised from 8 to 30 cents. They are absolutely powerless. They can not ship by any other line. No other line will take the goods. Patrons have to sign a written contract to send by these lines and no other or they do not get to South America at all.

There is another thing in regard to the South American question that I think may have a bearing on our commercial treaties, and that is this: These foreign steamship lines charge practically the same rate, and in many instances the same rate, for sending passengers or freight from here to South America on a slow ship that they charge for sending them from here to Europe and then from Europe to South America by a better class of ship. It is a question in my mind whether they are not violating our treaty agreements by such action. The question is whether we are going to permit these vessels, which receive a direct subsidy from the Government, to discriminate against our trade and continue it and make no protest against it. That is one of the questions, it seems to me, that is important. I do not believe this country ought to submit to foreign ships discriminating against us in that way, nor do I think this country ought longer to have one law for our own people and another for the foreigners that trade with us.

Mr. GARRETT. The Merchant Marine Commission that was raised in the Fifty-seventh or Fifty-eighth Congress—

Mr. HUMPHREY. The Fifty-eighth.

Mr. GARRETT (continuing). Did not touch upon this question in any way, did it?

Mr. HUMPHREY. I was a member of that commission, as you probably know. This matter came in only incidentally. What we were trying to do then was to establish American steamship lines. This matter only came in incidentally, and the facts at that time were not as well known as they are now. Some of the commissioners at that time—and I was one—were beginning to suspect these conditions, but we were never able to get evidence. It was denied for a long time.

Mr. GARRETT. One other thing. It has been a matter of current report in the newspapers recently that a gentleman, I think, from Baltimore, a Mr. Baker, was undertaking to organize a company for the coastwise trade and through the Panama Canal—

Mr. HUMPHREY. Yes.

Mr. GARRETT (continuing). And that he failed to obtain the capital, one of the conditions that he proposed to impose being that no stockholders in that concern should be a stockholder in any of the trans-continental railways. It has been attributed to railroad influence very largely that he failed to obtain the capital to float that concern.

Has it occurred to you that perhaps the influence of the foreign shipping lines might be also against that undertaking?

Mr. HUMPHREY. I want to say this, Mr. Garrett. I have given that matter considerable attention. I do not like to publicly make charges that I have no evidence to sustain. I have proceeded, I think, with reasonable caution in regard to this matter along that line, because I can furnish evidence to demonstrate every one of these statements that I have made to you gentlemen this morning, and competent evidence that would be received in court. I am glad you have mentioned that matter, because I had intended to. This is a question of very great importance to the country. Mr. Baker came out to the Pacific and the people were very enthusiastic about the matter and hoped to obtain some relief. I am sure there is no objection to my making the statement I am about to make. Mr. Baker's representative is here now, Mr. Booler. Mr. Baker stated to me and also wrote me that he was being opposed by the railroad influence, and that he did not know but that it would be able to defeat him. Only last Saturday I spoke to one of the leading bankers of this country and asked him about it, and he said in his opinion that was true. He said that from what he knew of the money situation in New York he believed that was a fact. I have considerable evidence in various ways (that is, evidence to my mind, and I have tried to weigh it carefully) that convinces me that this foreign steamship combine is in league with what is known as the Money Trust of New York. In the last year I have known of at least three cases besides this case of Mr. Baker's that have convinced me that the great moneyed interests of New York are in combination with this foreign steamship combine, and that they are perfectly satisfied with the situation. I gave you one instance a while ago in which certain men were informed that there would be no money to finance a steamship line out of New York to South America.

Mr. HARDY. Are they not also in combination with the general railway situation in the interior, with the railroads in the United States?

Mr. HUMPHREY. That is my belief. I gave you some facts a while ago, and you can draw your conclusions as well as I can from them. But here is the situation, and here are the facts. With \$3,500,000,000 worth of trade it seems to me it is worth while to ascertain these facts and say whether we ought not to do something.

Mr. LENROOT. Do you know whether any American capital is interested in foreign steamship companies?

Mr. HUMPHREY. Oh, yes; a great deal of American capital; an immense amount of it. It is something that you can only approximate, but I have been told a very large percentage of the foreign steamships are owned by American capital.

Mr. LENROOT. I mean particularly with reference to this Royal Mail Steamship Co.?

Mr. HUMPHREY. I do not know as to that particularly. Of course, that is a subsidized line, and there are more restrictions there, probably, than on the others.

The CHAIRMAN. Judge Alexander, we will hear from you and Judge Hardy.

STATEMENT OF HON. J. W. ALEXANDER, A REPRESENTATIVE FROM MISSOURI.

Mr. ALEXANDER. Mr. Chairman and gentlemen, I came here to be present at this hearing, but it was not my purpose to make a statement further than to say to the committee that I have examined this resolution, and that it was modified by Mr. Humphrey to conform to suggestions made by Judge Hardy and myself. As originally prepared it only related to the foreign shipping combines; but we felt that their relations with American shipping interests were close; and, if the facts as Mr. Humphrey states them are true, their relations with our American transcontinental railroad lines are so intimate that it is important to develop the whole situation as it related to our foreign commerce, and just what part our American railroads and our American shipping interests play, as well as the foreign shipping interests, in these combines. Of course, we know there is a blight on our American merchant marine in the over-seas trade, and the time has come when we all feel that it should be rehabilitated, if possible. There are so many reasons assigned why this has been impossible and why all former efforts to do so have been abortive that it does seem to me, in view of the vast interests involved, we should have accurate information; and if this resolution is not broad enough it ought to be made broad enough to comprehend the whole question of our American merchant marine. It ought not only to cover the matter of foreign ships that may be in a combine, but also their relations to our American railroads; and then the relations between our American railroads and our American ships engaged in the coastwise trade, because that, you will notice by reading this resolution, is another subject for investigation. It is freely prophesied that when the Panama Canal is completed these interests will defeat the very purpose of the American people in digging the canal; and that while we want the canal opened as broadly as possible to American shipping these combinations will defeat that purpose.

The CHAIRMAN. Has your committee ever taken up this resolution and considered it, Judge?

Mr. ALEXANDER. No, not as a committee. Of course it has been considered by individual members of the committee. Judge Hardy and myself and Mr. Humphrey are members of the Committee on Merchant Marine and Fisheries, and we with others have considered it from time to time. I think I may say that our committee are unanimously in favor of this resolution. Of course we would have preferred to have the Committee on Merchant Marine and Fisheries charged with the power to make this investigation. We think it would come within preview of the subjects to be considered by that committee and within its jurisdiction, but we are waiving that. We are quite willing that this shall be a joint resolution. What we desire, however, is that it may be broad enough in its terms to accomplish the purpose, so that, like the Royal Commission that investigated the shipping rings in Europe, we may investigate every possible phase of this question for the benefit of our merchant marine.

The CHAIRMAN. Have you examined the verbiage of this resolution?

Mr. ALEXANDER. Yes.

The CHAIRMAN. Do you think it is broad enough to reach all the phases you have in mind?

Mr. ALEXANDER. I do not know. I would prefer to consider it somewhat further. On the first page, beginning in line 7, it says:

Which committee is hereby empowered and directed to make a complete and thorough investigation of the methods and practices of the various lines of ships—

I think it should be amended by adding "and railroads," so that it will read:

various lines of ships and railroads, both of the United States and foreign countries, engaged in carrying our over-sea or foreign commerce.

I think that amendment ought to be made.

Mr. DALZELL. That is on the second page, is it not?

Mr. ALEXANDER. That on the second page relates to our domestic trade and coastwise trade—"and of American ships and railroads engaged in or in any manner interested in or controlling our coastwise commerce," as now.

Mr. DALZELL. Strike out "coastwise."

Mr. ALEXANDER. That would be all right. The only purpose is to make it comprehensive.

Mr. GARRETT. Strike out "coastwise" and insert "interstate or foreign."

Mr. ALEXANDER. We know that our tariff laws are largely being nullified by these combines between domestic and foreign shipping, and the instances related by Mr. Humphrey to the effect that commodities shipped from Germany to some mid-continent point can be shipped at a less rate than from one domestic point to another shows that the whole situation is badly out of joint. What I would like to see (this resolution may not be broad enough to accomplish that purpose, and if not I am sure Mr. Humphrey will be glad to have it amended to do so) is a thorough investigation of the whole subject of our American merchant marine and particularly our overseas trade, and if there are discriminations and if there are rebates they should be uncovered and prevented by legislation.

Now, when the suit was brought by United States District Attorney Wise in New York we had pending before our committee a bill introduced by Mr. Humphrey to punish these foreign ships engaged in these combines. We did not press the matter, for the reason that if there were a doubt as to the jurisdiction of our courts under our present antitrust laws to break up this combine we did not care as a committee of Congress to go on record deliberately as being of the opinion that our laws were not sufficient. It had been given out by interviews in New York by counsel for these combines that these combines were beyond our law—that the courts of this country had no jurisdiction—and we did not care to aid and abet that view, if it were true. In our conferences with the Attorney General with reference to that bill we discussed remedies, but he was of the opinion that under the Sherman antitrust law suit might be maintained.

But even if it can be maintained, only the ordinary remedies in equity could be enforced, and if these combinations exist and if these discriminations are being made to the hurt of our American commerce, or if these discriminations are being made in favor of certain American shipper against other American shippers or in favor of certain American industries as against other American industries, we ought to stop it just as we have undertaken to stop these discriminations in our distinctively American transportation systems, particularly the

railroads. I think the time has come when we ought to have an American policy with reference to our American merchant marine. Away back first in 1815 and on to 1826 we undertook to remove the restrictions on our foreign commerce and to open our ports to the shipping of all nations on equal terms, and while other countries have professedly done the same thing, yet by rebates, bonuses, subsidies, and subventions they are discriminating against American shipping, and they are making it difficult for us to restore the American merchant marine. We should, in my opinion, have a policy of our own and discriminate in favor of American shipping unless we can enforce absolute equality on the high seas; and we should compel them to remit their bonuses, their subsidies, their subventions, whatever discrimination they now make in favor of their merchant marine, or else encourage a policy of our own, discriminating in favor of American shipping.

Mr. DALZELL. That is what we had originally.

Mr. ALEXANDER. Yes; that is what we had originally, and that is what we ought to have again.

Mr. DALZELL. That was prevented by innumerable treaties.

Mr. ALEXANDER. Yes. I think that is a very important subject. It is one that I have investigated at some length and am investigating now; and I think we ought to have an American policy with reference to our merchant marine in order that it may be built up. They have built up their merchant marine by these various methods. I am not in favor of ship subsidies. Great Britain has given out that they do not grant subsidies, and other foreign countries have said the same thing—but we know as a matter of fact that they do. At the same time they have the same privileges and the same rights under existing treaties in American ports as our American ships have, with all these discriminations of their own laws in their own favor. and we ought to say: "You must play fair. You have got to give up these discriminations, these bonuses, these subsidies, these subventions, or else we in turn will discriminate in favor of American ships either by discriminating duties, tonnage taxes, or in some other way, until such time as you will give them up, and give us in fact free shipping on the high seas."

Mr. LENROOT. Do you think it will be possible if this commission is created for a report to be made to this Congress?

Mr. ALEXANDER. I think not.

Mr. DALZELL. How about the second session?

Mr. ALEXANDER. I think we might be able to report to the second session.

Mr. GARRETT. You would take testimony and ascertain many facts that would be of great value in dealing with the question of fixing tolls on the Panama Canal.

Mr. HUMPHREY. I think so, too.

Mr. GARRETT. Undoubtedly. I do not know whether it is the intention to undertake to legislate upon that at this session of Congress or not.

The CHAIRMAN. That is a question I was going to ask. Do you think it is going to develop facts that would enable us to legislate more intelligently when it comes to the Panama Canal question?

Mr. HUMPHREY. It would undoubtedly be beneficial with reference to this South American trade.

The CHAIRMAN. That is what I had in mind.

Mr. LENROOT. Would the passage of this resolution tend to delay a resolution giving relief by way of remedy in any cases that might be instituted by the Department of Justice?

Mr. HUMPHREY. The Attorney General thinks not. I have been acting in conjunction with him. I do not know whether you were here when I spoke of that, or whether I said that before you came in.

Mr. LENROOT. I heard that. I did not know whether it might have a tendency to defeat or delay a resolution in this Congress.

The CHAIRMAN. My personal idea about it is that this is a non-partisan matter. It seems to be a matter of tremendous importance, and it looks to me as if we might have the Attorney General and Mr. Nagel here, and develop their views about it.

Mr. ALEXANDER. I should be very glad if you would.

Mr. HUMPHREY. I am sure they would be glad to come.

The CHAIRMAN. There is nothing to conceal. It is a matter of such great public importance that we ought to cooperate if we are going to order an investigation of such importance. I believe if it is agreeable it would be a very good idea to let these hearings go over after Judge Hardy makes a statement until after the holidays, when we can have a full committee and have the matter disposed of.

Mr. HUMPHREY. Mr. Henry, would it inconvenience the committee if these gentlemen from New York were to say a word? They have come here for that purpose.

The CHAIRMAN. We would not have an opportunity before 12 o'clock, and I do not believe we will be able to sit during the afternoon. My idea would be that we meet right after the holidays, right after Congress convenes again, and have these gentlemen and have the Attorney General and Mr. Nagel, and in the course of a day or two make a final disposition of the case. It seems to me that nothing would be lost by pursuing that course. We can set a day, and I will notify you. You can leave the names of the gentlemen who would like to appear with the clerk. I would like very much to have the Attorney General and the Secretary of Commerce and Labor here.

Mr. HUMPHREY. I know they would like to come. They are both very much interested in the matter.

Mr. ALEXANDER. We might hear Judge Hardy.

STATEMENT OF HON. RUFUS HARDY, A REPRESENTATIVE FROM TEXAS.

Mr. HARDY. I have not much to say, gentlemen, as what has already been said has been so much to the point. I think it is possible, Mr. Chairman, that this resolution might with wisdom be broadened a little bit by the insertion of but very few words. That is, after the word "ships," in line 10, page 1, insert "and railways." On page 2, line 3, after the word "commerce," insert "both foreign and domestic."

The CHAIRMAN. What page is that?

Mr. GARRETT. And strike out "coastwise."

Mr. HARDY. Page 2, line 2, after the word "our" strike out "coastwise commerce" and insert "commerce both foreign and domestic."

I do not know that I can add anything to what has been said, except to say that this commission would get succinctly and com-

pactly, in form for use, the testimony that is floating around loosely and known by individuals but that does not have the weight it would have if it were all collected and presented to Congress through a proper medium. In addition to that, it would get a great deal of evidence that we have not before us, particularly, I believe, with reference to the combinations by which our inland railways absolutely destroy the possibility of any coastwise competition or of any foreign competition. I think it will be developed by the hearings that the railways in the United States in combination with the money powers absolutely set their heads against the establishment of any independent company or ship line, and that they all have understandings with these foreign conferences and with our coastwise and inland ship companies of a certain kind by which they prorate and divide their rates to inland points.

For instance, at Galveston, the secretary of the board of trade or chamber of commerce there wrote me that they had attempted to establish some independent lines from New York to Galveston, but that attempt was an utter failure because by reason of railroad combination if freight was shipped through the recognized channels of coastwise shipping there was one division of the rate to inland points, but if an independent company undertook to ship from New York to Galveston, when their freight struck Galveston it had to pay the local rates to any interior point fixed.

The CHAIRMAN. You remember there was a line established from Baltimore to Galveston and one from Boston to Galveston, and I think from New York to Galveston. They went out of existence in less than a year.

Mr. HARDY. They attempted to establish them.

The CHAIRMAN. I think they operated a number of ships.

Mr. HARDY. They did; but it was a failure from the beginning, because the division of the freights by the other recognized companies was such that these independent lines practically had to carry their freight for nothing, and the little tag end of the line, the inland freight by rail, ate up all their profits. So it is, in my opinion, of equal importance that we find out what kind of a combination they have. I think it is all one rotten mass of combination, of conspiracy, to shut out and prevent any kind of competition. In other words, if we have anywhere a conspiracy that is in violation of the spirit of the Sherman antitrust law it is in our coastwise and inland railway and ship foreign and domestic trade; and I could not say any more than that.

The CHAIRMAN. Under the present construction of the antitrust law they might be reasonable contracts.

Mr. HARDY. Well, we will not go into that part of it, Mr. Chairman; but to say the least, we want some laws to prohibit it. It was stated time and again on the floor of the House by those who presented the matter that our domestic trade itself suffers by reason of this. You can ship pottery from inland points in Germany to the United States cheaper than we can send them from one point to another here ourselves. That is all I have to say.

ADDITIONAL STATEMENT OF HON. WILLIAM E. HUMPHREY, A REPRESENTATIVE FROM WASHINGTON.

Mr. HUMPHREY. I want to add one thing that I forgot to my statement, and that is one other method that is used by all these conferences known as "fighting ships." Whenever any independent line starts (the case of Peter Wright & Son was one illustration, and the Uranium Line more recently was another illustration), they immediately designate some ship to run from the same ports to the same ports where this new line is running. There may be one or two, or more. They call them "fighting ships." Those ships are instructed to reduce rates to any point necessary to drive out the new line; and after they drive it out they divide the losses among the conference lines. The evidence on that point is complete. There is no question about that. That is one thing that I forgot to mention. That shows how they prevent competition. In the present situation it is impossible for any private interest to start an independent line of steamships from this country to any other country.

The committee thereupon, at 12.05 o'clock p. m., adjourned until Monday, January 15, 1912, at 10.30 o'clock a. m.

MONDAY, JANUARY 15, 1912.

The committee met at 10.30 o'clock a. m., Hon. Robert L. Henry (chairman) presiding.

The CHAIRMAN. Gentlemen, the Committee on Rules is in session for the purpose of hearing several gentlemen touching several matters embraced in House joint resolution 72, introduced by Mr. Humphrey of Washington, and House resolution 283, introduced by Mr. Foster of Illinois, and House resolution 226, introduced by Mr. Lobeck of Nebraska, the last two resolutions touching the investigation of the Harvester Trust, and House resolution 314, introduced by Mr. Lindbergh of Minnesota.

We have been carrying these hearings along to a certain extent. This morning the committee will hear from Mr. Humphrey of Washington.

Mr. LEVY of New York. Mr. Chairman, I move you that the questions embraced in these resolutions be referred to the Committee on Banking and Currency.

The CHAIRMAN. Not being a member of the committee, Mr. Levy, you can not make that motion. We will hear you a little later. We will be very glad to notify you and give you a hearing as soon as possible.

STATEMENT OF HON. WILLIAM E. HUMPHREY, A REPRESENTATIVE IN CONGRESS FROM WASHINGTON.

Mr. HUMPHREY. Mr. Chairman, this resolution of mine should not go to the Committee on Banking and Currency.

Now, Mr. Chairman, I feel, to a certain extent, I owe an apology to the committee, but on account of personal and other matters, it has been impossible for me to give attention to this matter before. I

have not asked any witnesses to come here. There are several men who have come voluntarily.

I first want to read to the committee a letter that I was asked to present to the chairman. It is addressed to the chairman by the Attorney General, reading:

OFFICE OF THE ATTORNEY GENERAL,
Washington, D. C., January 12, 1912.

Hon. ROBERT L. HENRY,
Chairman Committee on Rules, House of Representatives.

My DEAR SIR: I am just returned from Panama, and find your letter of December 23, addressed to Mr. Fowler, relative to hearings before your committee on House joint resolution 72, introduced by Mr. Humphrey, of Washington, being "Joint resolution for the appointment of a committee to investigate commerce on the high seas."

For the reasons which Mr. Humphrey will explain to you, I find it impossible to attend the hearing before your committee on Monday, January 15. I beg to say, however, that Congressman Humphrey conferred with me before introducing this resolution, and I advised him that I saw nothing in the resolution which would interfere with the suits brought by this department against the steamship companies engaged in what are known as the "pooling agreements" in alleged violation of the Sherman law. I might add that, so far from a thorough investigation into the subject embraced within the resolution interfering with the prosecution of suits brought by the Government, I think much public benefit might be realized by means of such an investigation.

I am, very respectfully, yours,

GEO. W. WICKERSHAM,
Attorney General.

Mr. FOSTER. Will you tell us what the Attorney General has done?

Mr. HUMPHREY. Oh, yes. He informed me he had an engagement standing for several weeks to make an address in New York City, and it was of such a character he did not feel that it could be broken.

Mr. FOSTER. I did not mean that. I mean what action has the Attorney General taken in this case?

Mr. HUMPHREY. I will touch on that in just a moment.

Now, the first matter I wish to present to the committee is a copy of a contract that was entered into by the lines upon the Pacific Ocean. This was not referred to in the report of the British Royal Commission. It is something that has never been secured until recently. It is the old story of the result of men quarreling among themselves, that I have received a copy of that contract. It is in force, and signed by all the transoceanic lines upon the Pacific Ocean. If the committee cares for it, I will read it, or I will insert it in the record.

The CHAIRMAN. It is not very long?

Mr. HUMPHREY. It is the ordinary deferred rebate contract. If the committee cares for it, I will read it.

The CHAIRMAN. It is not very long?

Mr. HUMPHREY. It is the ordinary deferred rebate contract, including both American and foreign steamships. It includes the Hill Line running in connection with the Great Northern Railroad, and the line of ships run in connection with the Southern Pacific Railway Co. It is not long, and I will read it to you [reading]:

To these exporters from Japan ports to Pacific coast ports of the United States and Canada, who, from the 15th February, 1911, to the 31st December, 1911, may have found it to their interest to confine their support and shipments to _____ we have decided to allow a rebate on the freight paid as bill of lading, as follows:

All cargo (except raw silk, silk goods, rice, peanuts, and cement) a rebate of \$1 gold per ton weight or measurement as per bill of lading.

On Pacific coast cargo: Raw silk, net; silk goods, net; rice, _____; peanuts, rates open; cement, a rebate of 10 cents per cask.

On ocean proportion of through rates to overland points: All cargo (except raw silk and silk goods) a rebate of 20 per cent off the ocean proportion of the through rate; raw silk, net; silk goods, net.

On the last of July, 1911, to those exporters from Japan, who, from the 15th February, 1911, to the 30th June, 1911, may have found it to their interest to confine their support and shipments during that period to _____, we shall be glad to allow a return of fifty per cent of the above rebate on the freight paid as per bill of lading.

On the 2nd January, 1912, to those exporters who, on the 31st December, 1911, may have found it to their interest to confine their support and shipments during the previous ten and a half months to the said line, we will allow a further fifty per cent of the above rebate on freight contributed from the 15th February, 1911, to the 30th June, 1911, and fifty per cent of the above rebate on freight contributed during the six months from the 1st July, 1911, to the 31st December, 1911.

On the 1st July, 1912, to those exporters who, on the 30th June, 1912, may have found it to their interest to confine their support and shipments during the previous sixteen and a half months to the said line, we will allow a further fifty per cent of the above rebate on freights contributed during the six months from the 1st July, 1911, to the 31st December, 1911, and fifty per cent on freights contributed during the six months from the 1st January, 1912, to the 30th June, 1912.

Until further notice future rebates will be payable semiannually on the same terms and conditions as above set forth.

Until further notice, shipments made by the Pacific Mail Steamship Company, Toyo Kisen Kaisha, Portland & Asiatic S. S. Co., Canadian Pacific Railway Co.'s Royal Mail Steamship Line, Nippon Yusen Kaisha, Bank Line Limited, Great Northern S. S. Co., Ocean S. S. Co., Ltd., China Mutual S. N. Co., Ltd. Osaka Shosen Kaisha will not invalidate claims for the above.

No rebates will be payable to any exporter, shipper, or consignee who has accepted concessions of any nature from any steamship line other than the above-agreed rebates.

Exporters applying for the rebate which will be payable in Yokohama and Kobe on and after the 1st July, 1911, 2d January, 1912, and 1st July, 1912, respectively, must fill up and sign forms in accordance with the above terms and conditions.

YOKOHAMA, January 25th, 1911.

The shippers have to sign a statement in which they say they have kept their agreement; that they have not patronized any other company outside the combine, before they get their rebates. This deferred rebate system is practiced for the reason that they hold a club over these shippers for from six months to a year; they pay it only in installments.

Mr. FOSTER. Is that agreement made only with the Hill line of railroads—

Mr. HUMPHREY. The railroads do not enter into this. It is entirely a combine of steamship companies.

Mr. FOSTER. The railroads, then, have nothing to do with that?

Mr. HUMPHREY. I am not prepared to say so.

Mr. FOSTER. So far as the evidence shows.

Mr. HUMPHREY. I suspect very strongly to the contrary. That is a copy of the contract that is actually in existence between these Pacific lines, and signed by all the lines.

Mr. FOSTER. You say that practically all the steamship lines on the Pacific Ocean are in this?

Mr. HUMPHREY. No, I say that practically all the steamship lines engaged in transoceanic trade, that cross from this country to the Orient. It does not include the coast lines.

There is one other matter, before I take up the question that you asked about a moment ago, that I wish to call the committee's attention to. It is a small matter in a way, but it certainly ought to appeal somewhat to our pride, even though it does not touch our pocketbooks very heavily, and that is that the passenger rates between here

and Europe are fixed in German money. The American citizen, when he pays his fare is told that it is so many marks, or whatever German money it is quoted in. As a result the American citizen to-day going between here and Europe, or between Europe and here, paying American money, pays 4 per cent more than the foreigner does to ride on the same ship, because of the way they calculate the price in foreign money. That is no guesswork; I have the exact figures on it, and I have sent for a copy of their advertisement, so as to show you. That amounts, in the aggregate, to something over \$250,000 a year more than American citizens pay for the same accommodations as the German citizen, and it is worth considering. But it seems to me that the point more worth considering is the fact that this great Nation of ours, which furnishes the bulk of the trade, has to have it computed in German money, and have it thus discounted against us.

I want to read to the committee a letter I just received a few minutes ago by special delivery. It is dated the 12th of January, 1912, and is from Mr. Charles Sutter, of St. Louis. Mr. Sutter has been in South America and just returned from there. He has been down there trying to see if some arrangements could not be made for establishing a steamship line from New Orleans to Brazilian ports. He met with great encouragement from the Brazilian officials, who are willing to cooperate and assist any line that might be established. Here is the letter [reading]:

ST. LOUIS, January 12, 1912.

Hon. W. E. HUMPHREY,
House of Representatives, Washington, D. C.

DEAR MR. HUMPHREY: On account of illness and death in my immediate family, my plans have been temporarily disarranged.

On my return to the office I found among my correspondence from Brazil inclosed copy of letter sent by our consul at Rio de Janeiro to my colleague in the steamship enterprise, Mr. Sidney Story, who forwarded it to me. You will observe it tells in very simple form the process employed by conference lines to throttle extension of our foreign commerce. It is only a single instance of discrimination against us, but amply exemplifies the principle upon which combined transportation lines can control commerce.

In my opinion there are two ways of solving the problem, first, by following the text laid down by Mr. Root to put on an independent steamship line flying the American flag, after which the readjustment can follow; and contemporaneously therewith enact such forceful legislation as shall adequately and justly protect such effort.

If our nation waits until the technicalities of law and legislation shall first be disposed of before inaugurating the merchant marine, the foreign, especially South American, commerce now inviting us will have been fastened upon by our more aggressive European competitors, and I may add, Japan, which already has a growing trade on the west coast of South America; and like England, France, Germany, and others, only awaits the opening of the Panama Canal to absorb everything in sight and in perspective.

I sincerely trust that our Government will put into effect the plan proposed for free use of the canal by our national coastwise service, which advantage will operate as a counterpoise against the present overwhelming strength of alien maritime interests.

If you can in any manner suggest how we can contribute to the progress of the important work you have in hand, command us, and we shall respond in every possible way.

Very truly, yours,

CHARLES SUTTER.

Here is a copy of the letter referred to in Mr. Sutter's letter and inclosed by Mr. Sutter [reading]:

AMERICAN CONSULAR SERVICE,
Rio de Janeiro, December 2, 1911.

Hon. SIDNEY STORY,

*First Vice President Mississippi Valley,
South America & Orient Steamship Co., Rio de Janeiro, Brazil.*

DEAR SIR: Since our conversation some time ago with regard to the effect of steamship rates on American goods shipped to Brazil that enjoy a 20 per cent preferential tariff treatment, I have endeavored to procure for you some accurate data on this point, but without success, as reliable steamship rates from New York and European points are not obtainable here; but I think a recital of the following case which has been brought to my attention will be sufficient to show, however, that preferential treatment on at least one article amounts to nothing when steamship lines from New York to Rio de Janeiro, Brazil, charge more than 20 per cent in excess of the freight charged from European points.

Mr. HUMPHREY. I want the committee to especially remember that point—that they charge greatly in excess for freight rates between here and South America over the freight rates charged between Europe and South America. In fact, the rate from here to South America by way of Europe is about the same as it is from here direct to South America. In some instances it is less. I was informed by a gentleman from Brazil a few days ago—and he told me he would furnish papers showing this—that since the Royal Mail has taken over these other lines you can go from Brazilian ports to Europe and from Europe to this country for \$125 first class; but if you come directly from Brazilian ports to this country you pay \$150 for the same service. When you go by way of Europe you go on better ships.

Mr. FOSTER. Why is that?

Mr. HUMPHREY. The purpose is to throw the business to Europe. Their object is to keep the men from South America from visiting New York and Philadelphia, and the other great markets of this country. They hold out an inducement to get them to Europe, so that they can sell them their goods. I may call attention to another fact that this same gentleman brought to me also. He says that those foreign steamship lines between here and South America direct do not stop at the British West Indies on their way down, so that it is impossible for an American business man to get his products over those lines into Jamaica; but coming back they stop there, get their cargo and bring it in here.

The whole policy of the steamship companies is easily understood; they are working for their own countries in Europe and they practice discriminations in freight rates and character of ships and in every other way.

Mr. HARDWICK. What power has the Government of the United States to regulate this matter? The power under the foreign commerce clause of the Constitution?

Mr. HUMPHREY. Yes; there is not any question about that whatever. There is no question about this country having the authority under the Sherman antitrust law to regulate these practices to a large extent.

Mr. HARDWICK. Under the Sherman antitrust law?

Mr. HUMPHREY. Yes, sir.

Mr. HARDWICK. I just want to invite the gentleman's further attention to this fact. It seems to me that I recall that the British Government not very long ago appointed a commission to inquire into the situation. They were complaining against this, and it seems to me that the commission made a report, first, as to the extent of the trust, and second the power of the British Government to regulate it. Am I right about that?

Mr. HUMPHREY. I am not certain whether they reported in regard to the power.

Mr. HARDWICK. Has the report been printed?

Mr. HUMPHREY. Yes; a copy has been furnished to the committee. The report was in substance that after they had investigated it they found it was to the best interests of the British trade to let it continue.

Mr. HARDWICK. Now, one further inquiry. Even if we have the power to do it, does the gentleman think we could exercise that power without bringing on a trade war all over the world? If we try to regulate the German, the French, or any other line, would we not have retaliation from the Governments of the countries to which these companies belonged?

Mr. HUMPHREY. Not at all. If you take that attitude, you say to the foreigner you can come into our country and do something we do not permit our citizens to do.

Mr. HARDWICK. That was not my point. I wanted to know whether you think we will get into a tremendous international trade war as a result of such an attempted regulation.

Mr. HUMPHREY. I do not think so.

Mr. HARDWICK. How much trouble are we likely to have if we try to do it?

Mr. HUMPHREY. My personal opinion is that we would not have any, except that they would fight it to the last, from a financial standpoint. No doubt it is to their financial interests to continue things the way they are now.

Mr. WILSON. Before you go on, do you think that this Government has any right to compel the steamship lines to deliver goods to any of those southern points? This would not in any way remove that condition?

Mr. HUMPHREY. No, sir; we simply say that it is one of their methods of favoring their own trade. I do not think, after they get on the high seas, that we have any control of them.

Here is the rest of this letter, to which I want to call the committee's attention:

Last year a firm of importers in Rio de Janeiro—

I call especial attention to the fact that Brazil has frequently tried to get trade with the United States in various products, and she has frequently given preference to American products, with a similar result in every instance. This is what the letter says:

Last year a firm of importers in Rio de Janeiro bought a substantial consignment of American cement which could be sold in Rio at the same price as English and German cement of the same grade, the higher price of the American cement at the factory being offset by the 20 per cent preferential allowed by Brazil on American cement. The freight rates on cement from Europe and the United States at the time were about the same. This shipment of American cement proved so satisfactory to the importers here that they wished to buy a larger consignment this year, but unfortunately no steamer running out of New York for Brazil would take this shipment for less than a rate of ⁷⁰ a ton more than last year, and therefore our manufacturers lost this order.

Why an arrangement could not be made for this large shipment I was unable to ascertain, nor is it clear why "conference lines" fixed a rate higher than this traffic would bear.

Faithfully, yours,

— LAY,
Consul General.

Mr. STANLEY. Was this increase made on cement carried from American ports to Brazil, and the old rate left on European ports, to give it a preferential of \$1.20 a ton?

Mr. HUMPHREY. Exactly. That has happened in several instances, information concerning which I can secure for the committee, where Brazil has given us a preference and tried to get our trade, and immediately the steamship companies raised the price to offset it.

Now, I want to touch a moment on a question asked a while ago, and it will appear from time to time in these hearings, as to the attitude of the railroads with reference to water competition, and especially with a view to the opening of the Panama Canal. I will only call your attention briefly to it, because it will be followed up. This matter is taken from the Twenty-fifth Annual Report of the Interstate Commerce Commission, dated December 11, 1911, and on pages 37 and 38, just a short paragraph:

We recognize fully the effect of water competition, both from Atlantic seaboard cities and from interior points, upon the rates to the Pacific coast seaboard. This we do, although we have the frank admission of the railroad managers that they have subsidized or bought some of the steamship lines and terrorized others until they can make the boast that the effect of the sea has been "neutralized." But we think there should be a limit to the discrimination that the carriers can effect by reason of their own chosen policy of market competition.

There are some gentlemen who will tell you about the attitude of the railroads and their relations to various steamship lines, and I think, after you have heard them you will be satisfied that there is an agreement to-day between the transcontinental railroads of this country and foreign steamship lines to crush any attempt to establish American lines through the Panama Canal, between the two oceans.

Mr. FOSTER. Do you think they made that agreement against American companies?

Mr. HUMPHREY. I have not any evidence to show how far that exists, except by these facts. It is to the interests of both, they are both working to a common purpose, and whenever any attack is made the hand of each can be seen. When you take into consideration the fact that will be shown in the report of the commission, that the steamship combine gives preferential rates to all the great combines of this country, such as the Steel Trust, the Standard Oil, and others, you can see very easily why these gentlemen will be perfectly satisfied with conditions as they are, and you do not have to have any explanation as to why the railroads are opposed to any real competition through the Panama Canal. These foreign steamship lines will never give any competition, if they are permitted to continue these combines. I think I have stated to this committee before that on practically every steamship line that runs out of American ports, the rates are all fixed in advance by agreement. I do not believe there is any exception to this.

Mr. HARDWICK. Do I understand you to say that that is probably in violation of the Sherman law?

Mr. HUMPHREY. Yes, sir.

Mr. HARDWICK. Are there any prosecutions?

Mr. HUMPHREY. Yes, sir; now.

Mr. HARDWICK. Where?

Mr. HUMPHREY. In New York, and I have a decision—

Mr. STANLEY. Are any of these rebates given on a through haul which is part water and part rail?

Mr. HUMPHREY. I tell you, Mr. Stanley, whenever the freight reaches land I can not thereafter give any definite information.

Mr. STANLEY. You spoke of the Hill lines and the Hill steamship line. Is that the same Hill interest that has control of the Great Northern Railroad? Is there an identity of interest, or are the steamships and the Great Northern Railroad owned by the same concern? What is their corporate relation?

Mr. HUMPHREY. It is the common belief and common understanding that the *Minnesota*, which is the only vessel in the Great Northern Steamship Line now (the other one having been wrecked), belongs to the Great Northern. The *Pacific Mail* belongs to the Southern Pacific.

Mr. STANLEY. Do you know who are the directors in the Great Northern Railroad and who are the directors in this steamship lines

Mr. HUMPHREY. No, I do not. There is no controversy; they admit the ownership.

Mr. STANLEY. If you can establish the fact that the steamship lines are a part of, and there is identity of interest and ownership between, the steamship lines and the railroad lines, and if these rebates are given on a rate part rail and part water, and part of those rates in the United States, I am inclined to think you are within the interstate-commerce act, because it controls and takes jurisdiction of a shipment of freight where it is part rail and part water, whether it goes from the United States into a foreign country, or from a foreign country into the United States, or from the United States through a foreign country into the United States again; all these are specifically named in the interstate-commerce act, and jurisdiction is taken. If you have got your facts there, you will not have any trouble.

Mr. HUMPHREY. I will give you a few of the facts. Here are some of the facts: You can send steel from Pittsburgh to Manila for less than you can send it from Seattle to Manila, although both shipments may be carried on the same boat at the same time.

Mr. STANLEY. When steel goes from Pittsburgh to Manila, over what roads does it reach the tidewater?

Mr. HUMPHREY. It might go over the Great Northern, or the Northern Pacific, the Canadian Pacific, or any of five or six different routes.

Mr. STANLEY. Could it not go over the Union Railroad, over the Pittsburgh, Bessemer & Lake Erie, and then catch the Canadian connection?

Mr. HUMPHREY. I am not familiar with that.

Mr. STANLEY. If it does, I am very much interested in it. If it goes over those roads the committee has jurisdiction right now.

Mr. HUMPHREY. I do not know how they send it, but I know of a case of an Army official who bought some steel for Manila in Seattle, and I investigated a protest that was made. I was informed it was because it cost more to send the steel after they got it to Seattle than it did to send it from Pittsburgh to Manila. I do not know any details about it, but I have no doubt of the fact.

Mr. STANLEY. It is true if you ship bamboo from Japan to Seattle, and then to New York, it costs more to ship it from Seattle than it does to ship it from Tokio.

Mr. HUMPHREY. I do not know about that. You can send some classes of freight from Germany to Salt Lake City cheaper than from Cincinnati to Salt Lake City.

Mr. STANLEY. Do they not get around that interstate-commerce law by making it a part of the through haul, and you can not get them on the long and short haul clause of the interstate-commerce law, because you can not show just how much is ocean rate and how much is rail rate, and these people, in their efforts to dodge the interstate-commerce act, in one particular, may have dodged into the jurisdiction of Congress in another.

Mr. HUMPHREY. That is one of the principal purposes of asking this investigation, so that we can uncover the facts and know whether additional legislation is necessary or not. It is something that affects our commerce tremendously. Practically every pound of our foreign commerce is directly or indirectly affected by this combine, and the railroads are connected with it in some ways; there is no doubt about that. The object of this investigation is to see if we can get at the facts.

Mr. STANLEY. Have you inquired of the Interstate Commerce Commission to find out whether or not these rates of which you speak are through rates, or whether they are two independent transactions? If these ships unload in port, and if the railroad is the initial carrier, and is carrying it at those rates, those railroads now are in the hands of the Interstate Commerce Commission, and you can get some action. If, on the other hand, the railroad is not the initial carrier, but they are parts of a through route, then the fact that a part of this contract was made by a steamer plying in the ocean, and part by a railroad on this continent, or within the jurisdiction of the United States, you affect our right to take jurisdiction of the whole matter. You can punish the railroad for that sort of rascality.

Mr. HUMPHREY. I never talked to the Interstate Commerce Commission about it, and one reason was because there was a suit brought in Philadelphia before the Interstate Commerce Commission—the plaintiffs were, I think, Peter Wright & Son—and after going into that case it was decided they had no jurisdiction over the particular matter involved. I would not undertake to state what was involved in that case, exactly.

Now, I want to call the committee's attention to what is known as the North Atlantic Conference, with reference to passenger traffic.

I hold in my hand a copy of the petition filed in the United States Circuit Court for the Southern District of New York, in the second circuit. It is entitled "United States of America, petitioners, v. the Hamburg-Amerikanische Packet-Fahrt-Actien-Gesellschaft, and others, defendants." In the petition it sets out in full the practice of these lines with reference to the passenger traffic on the North Atlantic. I will not read it in full. I just want to read in one or two places. This petition shows this, in brief, that there is a combination of lines of the North Atlantic; that they divide the traffic according to agreement. This agreement was made in Europe. Each line carries its proportion of the traffic, and if it carries any more it is subjected to a heavy fine. Each company must give a

guaranty of \$5,000 for each per cent carried to insure its observing the contract. They combine also to hire what they call "flying ships" to drive out any competitor, and it is a most perfect instrument to prevent competition and increase rates that I have not known.

Mr. HARDWICK. I understand those are the allegations in the bill.

Mr. HUMPHREY. No; a copy of the agreement is published in the bill.

Mr. HARDWICK. Have the allegations of the bill been proven?

Mr. HUMPHREY. It has been tested by demurrer, and the demurrer has been overruled. That is the position now.

I want to call your attention to a few articles in this agreement, and I want to call the attention of the committee to article 16 of this agreement, because I see some of my newspaper friends in here. Article 16, signed by all the lines of the North Atlantic Conference, is as follows:

The lines undertake to comply with article 8 of the "General rules, third series of the Continental Conference," which reads as follows:

No circulars or publications shall be issued by any line reflecting upon or instituting comparisons with any conference line unfavorable to the latter, and no party hereto shall support any newspaper which may systematically attack any conference line.

They further undertake to send to the secretary any printed matter and circulars sent to agents in relation to the steerage business, so far as such matters are not of purely internal nature.

COMMENTARY TO ARTICLE 16.

(a) In view of the fact that the stipulations referred to in this article of the Continental Conference have stood the test of many years practical working, it was decided not to alter anything with regard to such stipulations of the Continental Conference, but it was agreed that the words "support any newspaper" are more especially understood to mean that no advertisements are to be given to such newspaper.

I want to give you a few facts along that line. I think it would be well to publish this petition entirely in the hearings. It is not very long, and every line of it contains information.

The CHAIRMAN. You mean the petition and the contract?

Mr. HUMPHREY. Yes.

The CHAIRMAN. That is a part of your case. It will be inserted.

Mr. HARDWICK. Have you a copy of the opinion?

Mr. HUMPHREY. Yes.

Mr. HARDWICK. That is the opinion of the circuit court?

Mr. HUMPHREY. Yes.

Mr. HARDWICK. That has been filed?

Mr. HUMPHREY. I am informed not; it was only made a few days ago.

I wanted to bring out a fact that has been apparent in this country for several years, that no newspaper in America that has attacked this combine carries any foreign steamship advertisement. I am not prepared to say whether the editorial policy of these newspapers gets the advertisements, or whether the advertisements get the editorials, but it is a fact, so far as I was able to observe, that has existed in this country a long time. I do not intimate that all the papers are receiving these advertisements are friendly to the combine, but those that are hostile have not received the advertisements. I wrote an article not long ago for Pearson's Magazine that was published in regard to this matter, and the Hamburg-American

line called upon Pearson's immediately and took their advertisement out of the magazine.

Mr. WILSON. Do you think the American newspapers are controlled in that way?

Mr. HUMPHREY. I can give you some more facts, if you want to know about it. I can tell you how a foreign steamship company, through their agents, Bush & Daniels, went to two or three coffee firms in New York and asked them to sign a statement in regard to the shipping facilities between here and South America, and one of the firms had \$28,000 rebates due them at the time, and after they signed it the agents of the steamship company sent the statement to various newspapers throughout the country and asked for favorable editorial comment thereon, and accompanied it in some instances, at least, with a renewal of their advertisements. That is all sworn testimony.

Mr. HARDWICK. Will you let me see the copy of the opinion of the circuit court?

Mr. HUMPHREY. Yes; I will be glad to have you read it.

The CHAIRMAN. On that particular point in regard to the newspapers, I believe you stated in the former hearings that it was hard to get any publicity of any matter in the newspaper reports out of Washington that in any way referred to these hearings in regard to this shipping trust; it was hard to get publicity?

Mr. HUMPHREY. That was absolutely true until the exposure was made that Mr. J. J. Wilbur was in the employ of the Associated Press, and also in the employ of the Hamburg-American Line.

Mr. WILSON. And that those newspapers were subsidized in that way?

Mr. HUMPHREY. Draw your own conclusions. I give only the facts.

Mr. WILSON. Subsidized to suppress the information that the people ought to have?

Mr. HUMPHREY. You can draw your own conclusions. I am dealing with the facts now.

Mr. FOSTER. While you are going into this, I want to know what you have on this subject.

Mr. HUMPHREY. Let me tell you about another thing. You take the report of the royal commission appointed by England, one of the most astonishing documents that was ever published, so far as affecting the commerce of the world was concerned, and I have only found two copies of it, and a gentleman sitting here in the room whom I spoke to about it cabled to London to get a copy. It is a public document. How do you account for the fact that no comment was ever made upon it?

Mr. STANLEY. It is very refreshing to hear you make those statements, because I have been lead to believe that one or two muckrakers were running the press of this country.

Mr. HUMPHREY. I do know of other incidents, but I think these occurred prior to Mr. Wilbur's dismissal from the Associated Press.

Mr. LENROOT. Has not a very large number of papers been in favor of building up the merchant marine?

Mr. HUMPHREY. I think a great many of them have. There have been a few that have been very hostile, and they have carried very largely foreign-ship advertisements.

Mr. STANLEY. It is possible that some newspapers take this attitude—that they are in favor of building up the merchant marine but are not in favor of subsidies.

Mr. HUMPHREY. Yes, sir; that might be true, and it might also be true that these newspapers are not influenced by foreign lines, and that the advertisements go to them because they advocate that particular policy. It is perfectly legitimate that these steamship lines, to that extent, should patronize their friends. Nobody is objecting to that, and the newspapers probably do not have an ulterior motive in that, but the steamship companies say in this signed agreement that they are going to give their advertisements to the newspapers that are not hostile.

Mr. STANLEY. If it is a conspiracy among them to suppress the news, to control the avenues by which it reaches the people, they might be reached. I call attention to this for this reason: It is reported that certain magazines, like the *Success*, which is now in bankruptcy, have died because they assailed certain interests, not foreign to this country, but right here at home, and for that reason their advertisements became scarce and they went the way of the muckraker.

Mr. HUMPHREY. I presume, to use the term "big business" not in an offensive way, that I suppose the ways of doing business across the ocean are about the same as they are here.

I will now read you the opinion of the court. This is in the case of the United States of America, petitioner, against the Hamburg-Amerikanische Packetfahrt-Actien-Gesellschaft and others, defendants. It was before Circuit Judges Lacombe, Coxe, Ward, and Noyes [reading]:

On demurrers for want of equity to a petition filed by the United States under the Federal antitrust statute for the purpose of restraining the further execution of an agreement between certain steamship companies for the formation of an association called the Atlantic Conference relating to the carriage of steerage passengers between the United States and Europe.

Noyes, Circuit Judge:

It may be accepted without discussion that the transportation of passengers between this country and Europe forms a part of the commerce of the United States with foreign nations. It is also clearly established that Congress has power to prohibit all contracts, combinations, and conspiracies in restraint of such part of the foreign commerce of the United States. The real question here is not one of power but of interpretation. The inquiry is whether that which is charged against the defendants comes within the provisions of the antitrust statute, and this inquiry has two phases:

- (1) Does the agreement in question directly and materially affect foreign commerce?
- (2) Does such agreement with the acts stated in the petition amount to an unlawful contract, combination, or conspiracy?

The agreement affects foreign commerce because its operation must necessarily divert a part thereof—viz, the business of carrying steerage passengers—from the natural channels of free competition into fixed channels assigned to the parties. The different lines obtain not that which would come to them from their separate efforts, but prescribed and certain percentages of the traffic.

The agreement directly and materially affects foreign commerce and is partly intra-territorial, because it is to be carried out in part in the United States. Confining ourselves to east-bound traffic, it is evident that the contract contemplates the solicitation of business, the making of contracts of carriage, the taking on board of passengers, and the actual commencement of transportation within the territory of the United States. It requires acts to be done in this country; such acts are as material and essential as those to be performed abroad, and the part of the contract requiring them can not be separated from the remainder.

The prohibitions of the antitrust statute apply broadly to contracts in restraint of trade or commerce with foreign nations. This contract directly and materially affects such commerce and if it unlawfully restrain it, it comes within the statute. We see nothing to warrant the contention that the act should be narrowly interpreted as prohibiting only contracts which are to be performed wholly within the territorial jurisdiction of the United States, nor—if it were for us to consider—any reason for concluding that a broader construction would lead to international complications.

I think that is your answer.

Mr. HARDWICK. Let me make this suggestion. I can see very easily how, under the Sherman Act, or under the foreign-commerce clause of the Constitution, we can officially regulate that. But take the case you just mentioned. Suppose a certain line of boats gives a better rate on freight from Brazil to Europe—England, we will say—than it does on the same freight from Brazil to New York. How can we regulate the rate of freight that they will give from Brazil to a foreign country, both countries being foreign, and the boats do not touch the United States at all. How can we punish them under any exercise of the power of Congress for doing something that is entirely extraterritorial?

Mr. HUMPHREY. It would be my opinion that we can not.

Mr. HARDWICK. If these lines are discriminating against us by neutralizing every benefit the Brazilian Government undertakes to give us in the way of tariff concessions, through the difference in their rate from Brazil to New York and from Brazil to Europe, how will you ever remedy that situation by any legislation we might enact here?

Mr. HUMPHREY. I doubt if it can be done directly.

The CHAIRMAN. Not unless some right accrued out of the treaty, and that might be enforced.

Mr. HUMPHREY. That is just the point I was going to make. That is one of the great necessities for this investigation—to see whether it is affecting our treaty relations. I am inclined to think that they are violating their treaty obligations, because we have an agreement with these countries that we shall not be discriminated against.

Mr. STANLEY. Has the Government any ownership in these steamship lines? Are they owned by the Government, or by individuals?

Mr. HUMPHREY. These foreign steamship lines?

Mr. STANLEY. Yes.

Mr. HUMPHREY. Part of them are directly under Government control, part of them are receiving pay for carrying the mails.

Mr. STANLEY. Are they under the control of the Government, like the railroads of Germany?

Mr. HUMPHREY. I understand that a portion of the German merchant marine is under the control of the Government almost the same as if owned by the Government, and that the Government has large stock in it. It is commonly reported that the Emperor is a large stockholder in it.

Mr. WILSON. Has stock in it, privately, you mean?

Mr. HUMPHREY. The Emperor of Germany has an interest in a great many things individually, as I understand, although I have no definite information on the subject.

If it was not for the treaty phase of the question I am inclined to think we have already the power with a little supplemental legislation, to control these combines.

I will finish reading the decision [reading]:

As the contract directly and materially affects the foreign commerce of this country by being put into effect here, it is immaterial where it was entered into or by what vessels it was to be, or has been, performed. Citizens of foreign countries are not free to restrain or monopolize the foreign commerce of this country by entering into combinations abroad nor by employing foreign vessels to effect their purpose. Such combinations are to be tested by the same standard as similar combinations entered into here by citizens of this country. The vital question in all cases is the same: Is the combination to so operate in this country as to directly and materially affect our foreign commerce? As said by the circuit court of appeals for this circuit in *Thomson v. Union Castle Mail S. S. C.* (168 Fed., 251):

"That the combination was formed in a foreign country is likewise immaterial. It affected the foreign commerce of this country and was to be put into operation here."

The final inquiry is whether the acts and agreements of the defendants as set forth in the petition in addition to materially and directly affecting foreign commerce, restrain it within the meaning of the statute. This inquiry requires the examination of the second phase of the question with which we started, and it is whether such acts and agreements amount to an unlawful contract, combination, or conspiracy.

The petition states the contract at length. It shows a division of traffic into stated percentages, contains stipulations for the pooling of receipts, and embraces provisions to secure its enforcement. In general, the fixing of rates is left to individual discretion, although the holders of 75 per cent of the shares of traffic may direct any party to raise or reduce its charges.

The petition, after stating the contract, shows the methods adopted by the associated defendants in fighting competitors and in forcing them out of business, and charges unfairness and oppression. It further alleges that the defendants in carrying out the combination have charged excessive and arbitrary rates to the public.

It also alleges that by the contract and the practices thereunder the defendants have obtained a virtual monopoly of that part of the foreign commerce of the United States included within the scope of the combination.

Testing the petition, by the allegations which it contains, as must be done upon demurrer, it is clear that—the effect upon foreign commerce being shown—the averments make out a combination and conspiracy in violation of the antitrust statute. Whether or not the statute is directed against all combinations in restraint of competition, it is certain that it embraces those in which the purpose and effect are to charge arbitrary and excessive transportation rates. Whether the statute be broadly or narrowly construed, it is clear that it prohibits combinations and conspiracies to restrain the business of transporting passengers when accompanied with acts of oppression and attempt to monopolize.

The demurrs of the defendants are overruled, with costs, and they are assigned to answer by the February rule day.

The time for answer has not come yet.

Mr. LENROOT. What is the date of that?

Mr. HUMPHREY. It has been rendered within the last 30 days, I think. There is nothing here to indicate the date.

Mr. LENROOT. Within two or three months?

Mr. HUMPHREY. I am sure within about 30 days.

I simply want to make this addition, that according to newspaper statements this contract has been reaffirmed again by all these lines and they are proceeding to operate as they have before.

I think, Mr. Chairman, that that is all I care to present.

The CHAIRMAN. Whom do you desire to address the committee next?

Mr. HUMPHREY. I have not talked to any of these gentlemen.

The CHAIRMAN. Did Judge Alexander or Judge Hardy wish to make any statement?

Mr. HUMPHREY. Oh, yes, if they have anything further.

Mr. ALEXANDER. I would suggest that these other gentlemen who are here, and who have come from out of town, and who may not wish to remain very long, be heard first.

The CHAIRMAN. Who else desires to be heard on either side?

It is about 12 o'clock, and the committee will have to take a recess until 3 o'clock. Some of us have some important matters. At 3 o'clock we will resume this session here, and we will hear these other gentlemen on the Shipping Trust, and to-morrow morning at half past 10 o'clock there are some gentlemen who wish to be heard on the Harvester Trust resolution, and perhaps we will hear them then.

Thereupon, at 12 o'clock noon, the committee took a recess until 3 o'clock.

AFTER RECESS.

The committee met at 3 o'clock p. m., Hon. Robert L. Henry (chairman) presiding.

The CHAIRMAN. I will ask the clerk of the committee to read a letter from Mr. Nagel, Secretary of Commerce and Labor.

The clerk read as follows:

DEPARTMENT OF COMMERCE AND LABOR,
Washington, January 15, 1912.

MY DEAR MR. HENRY: Since writing in acknowledgement of your communication of December 23, 1911, in reference to joint resolution No. 72, I have given further consideration to the subject and find that I have no facts that would aid the proposed inquiry. I know, of course, that the Government has instituted a proceeding against some steamship companies, but information gathered in connection with that proceeding, if proper at all at this time, would of course have to come from the Department of Justice.

So far as the general purpose of the inquiry goes, I should indorse it. The importance of reliable information upon this subject can hardly be questioned. Our country is completely committed to the policy of regulating and publishing the rates of common carriers. It stands to reason that if this policy is enforced with respect to domestic trade it must at least be important to know by what means and under what conditions public carriers operate in international trade. Furthermore, knowledge as to such conditions may have a direct bearing upon the development of our own merchant marine. Some encouragement has been given, and it is possible that other measures may now have consideration. Whatever the plan, it appears to me that knowledge of existing conditions is essential to intelligent decision. We must know what we have to cope with. It has been suggested, for illustration, that there are combinations between foreign steamship companies, perhaps in conjunction with railroads. It is urged that such combinations between foreign steamship companies are lawful and are safe from attack here. If this be so, it constitutes an important fact which we may have to accept as a promise in determining upon our own course.

It is needless to multiply illustrations. We are certainly interested in the facilities and rates which affect foreign trade. We have no merchant marine to speak of. That we are at a disadvantage almost goes without saying, and the problem is, What shall be our policy? The question at the threshold of the whole inquiry is, if we propose to provide for the organization of our own steamship lines, What conditions would they have to compete with and to what extent must such shipping interests be regulated or protected?

Very truly yours.

CHARLES NAGEL,
Secretary.

HON. ROBERT L. HENRY,
House of Representatives, Washington, D. C.

The CHAIRMAN. Mr. Levy, I believe you wanted to make some statement, and I make this suggestion. The committee, of course, has been somewhat disconcerted by the proceedings in the House, and I do not believe any good purpose would be served by continuing here this afternoon. We have plenty of time, and I think it is better to go ahead to-morrow morning at 10.30 o'clock with the hearings, and therefore we will hear from you to-morrow morning at half past 10 o'clock on the Lindbergh resolution.

Thereupon, at 3.15 o'clock p. m., the committee adjourned to meet Tuesday, January 16, 1912, at 10.30 o'clock a. m.

TUESDAY, JANUARY 16, 1912.

The committee met at 10.30 o'clock a. m., Hon. Edward W. Pou presiding.

The CHAIRMAN. I believe we are to hear Mr. Levy this morning.

Mr. W. D. HUMPHREY, of New York. Mr. Chairman, I represent Arbuckle Bros. and I have here a statement in their behalf which I should like to submit and have printed in the record.

The CHAIRMAN. If you will submit it, it will be printed in the record.

Mr. W. D. HUMPHREY, of New York. I would like the record to show distinctly, Mr. Chairman, that I represent Arbuckle Bros., in order that I may not be confused with Representative Humphrey, of Washington.

The CHAIRMAN. That will be done.

The statement referred to by Mr. Humphrey is as follows:

BRAZILIAN SHIPPING SYNDICATE.—ARBUCKLE BROS.' STATEMENT OF FACTS.

Arbuckle Bros., a copartnership, is composed of John Arbuckle and William A. Jamison, citizens of the United States of America and residents, respectively, of the States of New York and New Jersey. Their main business office is in the city of New York.

The firm is engaged, among other things, in the importation of coffee from Brazil to the United States, chiefly at the port of New York, and sometimes at the port of New Orleans.

Coffee importations from Brazil may be divided into two classes: (a) "Owner's importations," say meaning coffees imported by Arbuckle Bros. for their own account and to be sold by them at their pleasure; (b) "cost-and-freight importations," say meaning coffees sold by Arbuckle Bros. in advance of shipment and to be shipped by them from Brazil for account of the buyer.

The annual consumption of coffee in the United States is about seven and one-quarter million bags per annum, of which about six millions bags is of the growth of Brazil. A "bag" of coffee, when speaking of Brazilian coffees, means a bag containing 60 kilos of coffee—say, 132 pounds avoirdupois.

All or nearly all of this Brazilian coffee is exported from the three ports of Rio de Janeiro, Victoria, Santos.

Arbuckle Bros. maintain a buying organization in Brazil with offices and direct representatives at each of these ports, and have become one of the largest importers of Brazilian coffee in the United States.

For the purpose of complying more readily with the laws of Brazil, Arbuckle Bros. have filed in Brazil special articles of a copartnership under the firm style of "Arbuckle & Co.," and that style is used in Brazil. The personnel is identical with Arbuckle Bros., and for the purpose of this statement the latter style only will be mentioned.

The original steamship line operating between Brazil and the United States was the Lamport & Holt Line, an English concern. Later the field was entered by the Prince Line, owned by the Knotts, of England. Then came the Sloman Line and later the Union Line.

About 1906 a line known as the Lloyd Brazileiro was organized and heavily subsidized by the Brazilian Government. This line started a very severe cut in rates and Arbuckle Bros. gave it the greater part of their business.

On page 9 of the minutes of evidence of the Royal Commission on Shipping Rings, Volume II, appendices, will be found a synopsis of the agreement referred to. On page 228 will be found the statement of the acting British consul general, on August 29, 1907, that the said conference had been abandoned.

In answer to question 19116, on page 245 of Volume IV of the minutes of evidence, Mr. Arthur Cook, representing the Lamport & Holt Line and in behalf of the River Plate and Brazil Conferences, said that they originally had a system of deferred rebates, but that the same did not exist at present (7th of April, 1908). The copy of the agreement which renewed and extended such system appears first in a notice to shippers from Santos, dated 15th of July, 1908, and a supplemental notice, dated Santos, 11th of September, 1908, signed and approved by the six combined lines and by the various shippers and accompanied by a form of "Claim for rebate" to be filled out as of March 10, 1910, copies of which are submitted herewith. This notice is limited to Santos, but it is supposed that a similar notice was issued to and signed by the shippers at Rio and another at Victoria.

The complaint of Arbuckle Bros. is not that they were not invited to enter this agreement nor that no rebate has been promised to them, but that the syndicate lines have refused entirely to carry their coffees, even at full syndicate rates.

About —— the Lloyd Brazileiro raised its freight rates to the exact level of the syndicate rates (or, as the syndicate's notice has it, "conference rates"), and later, when the syndicate raised its "conference rates," Lloyd Brazileiro made a similar raise in the rates.

In March, 1909, Arbuckle Bros. tendered a shipment to one of the syndicate lines, which was declined, with the information that the Arbuckle business could be accepted only if Arbuckle Bros. would agree to leave the Lloyd Brazileiro entirely, and every shipment tendered by Arbuckle Bros. since then has been declined, once or twice on the plea that all the cargo space for the vessel in question had been contracted for.

Arbuckle Bros. have continued to tender shipments on various steamers of each of the syndicate lines in accordance with the advertisements of said lines as steamers on the berth, open to all shippers, and in every case their requests for room in each individual steamer, varying from 250 bags up to 5,000 bags, have been refused or ignored. These tenders have been made in writing delivered by Arbuckle & Co.'s employees and records and affidavits made in accordance with the facts in each case.

The Sloman Line was absorbed by the Union Line and later that line was taken over by the Hamburg-American Line; all the other lines mentioned hold themselves out, by advertisement and otherwise, as having regular sailings between New York and Rio and Santos. There are no other regular sailings—i. e., there is no other "line" than those mentioned between New York and Rio or Santos.

The Lloyd Brazileiro does not refuse Arbuckle Bros. business, but its sailings are infrequent and its service has been unsatisfactory in other respects. So, as the syndicate lines refuse to carry for Arbuckle Bros., the only way in which the latter can get their coffees to New York (saving Lloyd Brazileiro) is to charter a vessel somewhere and dispatch her to Rio or Santos, there to be laden with Arbuckle coffees for New York. This means that instead of having the advantage of the frequent sailings and fast passage of the syndicate lines, Arbuckle Bros. first must accumulate at Rio and Santos a stock of coffee sufficiently large to warrant them in chartering an entire vessel, and their trade is delayed accordingly.

This is a distressing handicap, particularly in the cost-and-freight business, because buyers on that basis must be promised at least an approximate sailing date, and Arbuckle Bros. can not tell in advance at what date they will be having another vessel under charter. Hence their cost-and-freight business largely must be limited to such orders as they can get during the short interval between their negotiations for a charter when ready for a vessel and the actual sailing of that vessel.

Moreover, on "cost-and-freight" transactions the buyer pays the full freight rate—the rebate goes to the seller, who thus has an extra profit which Arbuckle Bros. do not have, and this is an element of competition to the disadvantage of Arbuckle Bros.

Also, Arbuckle Bros. sell coffee to customers located in territory tributary to the port of New Orleans, and if a chartered vessel is required to put into that port on her way to New York, the cost of the voyage is increased materially, and they do not have enough New Orleans trade to warrant chartering a vessel for that port only. Again, and very often, small lots are needed at short notice to supply calls of the trade, and this demand Arbuckle Bros. can not supply because they can not offer as prompt shipments as the other dealers, who are not under the ban of the syndicate.

For the year 1910 Arbuckle Bros. did a cost-and-freight business of about 150,000 bags. Without doubt this business would have been 500,000 bags had Arbuckle Bros. not been denied the shipping facilities of the syndicate lines.

An incident of 1910 was the following: Arbuckle Bros., having accumulated a stock of coffees in Brazil sufficiently large for the purpose, chartered the steamship *Birchtor* for carrying the same to New York at a fixed rate per bag, with the option of requiring this vessel to put in at New Orleans at an increase of 4 cents per bag in the freight rate. There was a stock of 70,000 bags ready for shipment, of which 8,000 bags had been sold to Western customers and required a routing via New Orleans. Arbuckle Bros. were therefore compelled to have the *Birchtor* call at New Orleans, there discharge these 8,000 bags, and thence proceed to New York with the remaining 62,000 bags. This divergence of the vessel to New Orleans involved a loss to Arbuckle Bros. of, say, \$2,480, viz., 4 cents per bag on 62,000 bags.

Arbuckle Bros. call attention to the statement of Mr. Arthur Cook in paragraph 11 on page 243 of Volume IV, already referred to, which concludes with the sentence, "the rebate is a commission or bonus on the freight which is paid to the shippers in return for exclusive support." At the close of paragraph 14 of the same statement Mr. Cook states, on page 224, "It is difficult to imagine, too, that the provision of said acts, as regards restraint of trade, are infringed by a system which grants rebates to all shippers

alike, and undoubtedly protects the smaller against the larger shipper, which is now, and always has been, impossible in America, as elsewhere, in an open freight market."

Arbuckle Bros. call attention to the fact that the agreement itself, of which copy is submitted herewith, grants different rebates to a shipper of 100,000 bags than it does to a shipper of 300,000 bags, or on a rising scale between a shipper of 100,000 bags and the shipper of 300,000 bags.

Arbuckle Bros. also call attention to questions and answers Nos. 19125, 19126, 19127, 19128, 19129, in which it is developed that in the agreement which had previously existed a penalty might be inflicted on shippers who used other lines.

Arbuckle Bros. also call attention to question No. 19145, on page 246, in which Mr. Cook testifies that merchants were allowed to charter outside sailing vessels, but not steamers.

We thus show: That there are four lines of steamships plying between New York and Brazil, all holding themselves out as common carriers, advertising stated sailing dates.

That three of these lines have formed a syndicate or combination to maintain a common freight tariff and obtain control of all the carrying trade through a special rebate.

That a written agreement exists between all the syndicate's lines and most of the prominent shippers of coffee in which is set out the conditions on which this rebate will be paid.

That all the syndicate lines refused to carry coffees for Arbuckle Bros. even at full syndicate or "conference" rates, unless Arbuckle Bros. will promise not to ship any coffees via an independent line, viz, Lloyd Brazileiro.

That the rebate paid to other shippers—competitors of Arbuckle Bros.—places the latter under a great disadvantage in competing for business.

That through the action of the syndicate lines Arbuckle Bros. are being deprived of a large and profitable "cost-and-freight" business, and which for the year 1910 entailed a loss of profits on that kind of business estimated at \$122,500.

That in a specified instance of a New Orleans cargo they also suffered a direct loss of \$2,480, solely attributable to the refusal of the syndicate lines to accept Arbuckle business.

That the refusal of the syndicate lines to carry any of the freight originating with Arbuckle & Co. either at Rio Janeiro, Santos, Victoria, Brazil, eliminates Arbuckle Bros. from competing for the cost-and-freight business of the United States by way of New Orleans, which includes practically the entire territory known as the West and Southwest and including such important and widely separated points as Galveston, Memphis, Louisville, Cincinnati, St. Louis, Chicago, Omaha, and St. Paul. Arbuckle Bros. are thus deprived of the benefit of the business and the buyers and importers of that vast territory are deprived of the competition which Arbuckle Bros. naturally would make on other competing shippers from Brazil.

The steamship *Craigvar* arrived at New York January 13, 1912, a chartered steamer of Lloyd Brazileiro Line, from Santos and Rio de Janeiro, Brazil, bringing about 86,000 bags of coffee for account of Arbuckle Bros. at a rate of 24 cents per bag "flat" without charge for primeage, which rate compares with 40 cents per bag and 5 per cent primeage of the syndicate lines, which rate is subject to a discount of 5 per cent on the freight but not on the primeage to such shippers as agree to ship by no other lines and who ship to the extent of 100,000 bags per annum. This rate is 66 per cent higher than the rate paid by Arbuckle Bros. The shipper of 300,000 bags per annum would under the agreement of the syndicate lines receive 10 per cent rebate on the freight, which would make the freight then stand to him 58 per cent higher than that of Arbuckle Bros.' *Craigvar*.

Arbuckle Bros. have been ready to take freight of other shippers at the rate which they themselves paid, but such other shippers were barred from giving any freight to Arbuckle Bros. because of loss of rebate on shipments which they might previously have made or later will make by the syndicate lines and also place themselves in the peril which Arbuckle Bros. already incurred, of not being able to ship at all by the syndicate lines.

Referring to the case of the steamship *Birchtor*.

"Arbuckle Bros. chartered the steamer *Birchtor* to load coffee at Santos, Rio, and Victoria, Brazil, for New York, at 22 cents per bag, with the option of New Orleans en route 3 cents per bag additional. In case we loaded at Santo only direct for New York, the rate was to be 21 cents per bag. Seventy thousand bags was the total to be shipped. Arbuckle Bros. found themselves in position of having, sold cost and freight, 8,000 bags for shipment via New Orleans to St. Louis, Chicago, etc., parties.

"Mr. Paul F. Gerhard, New York agent of the Prince Line of steamers, called at the New York office of Arbuckle Bros. to see about business, and the whole tenor of his call indicated that their steamers were very much short of coffee for July shipment from Brazil. On this information we cabled our Brazil house to ship the 8,000 bags,

cost and freight, via New Orleans at 30 cents per bag, the steamer syndicate regular rate, without reference to the rebates which they give to those who patronize only the syndicate lines, and to complete the loading of the *Birchtor* direct to New York. Our Brazil house replied that they could do nothing, and we were therefore obliged to use the *Birchtor* to take the 8,000 bags to New Orleans, thereby incurring additional freight of 4 cents per bag on the 62,000 bags which was thus forced to go by New Orleans."

We attach herewith a copy of a letter from Messrs. Paul F. Gerhard & Co., dated New York, July 13, 1910. On receipt of the same we at once asked them to give us "bookings" in the steamers, naming various amounts, but we were informed that they could do nothing in the matter but could only refer us to the Santos office of the line. The letter of Paul F. Gerhard is of the usual form sent out to various importers in New York, offering them vessels which "are berthed to load coffee at Santos and Rio Janeiro for New York and New Orleans."

EXPLANATORY MATTER.

Coffees of Brazil are of three great types, known, respectively, as "Rio," "Santos," and "Victoria," each type taking its name from the port of its export and having its own distinct characteristics and cup quality, due to the climatic and soil conditions of the country tributary to those three ports.

In the United States all South American coffees are known by grades established by the New York Coffee Exchange, and numbered from "1" up; thus, a trader in speaking of his line would mention "Santos 4's," "Rio 7's," etc. The higher numbers designate the lower grades.

A cost-and-freight transaction is accomplished thus: Jones, a dealer in Chicago, contracts with Smith in New York, for 1,000 bags of No. 4 Santos coffee at a stated price ("cost") plus the freight, same to be shipped from Santos by a designated vessel sailing at a fixed or approximate date. Jones, the buyer, gives Smith, the seller, a letter of credit issued by a London banker, in which the banker undertakes that Smith's bill of exchange on him for the amount of the letter of credit will be honored by the banker when presented in London accompanied by the bills of lading (to the order of the banker or his agent, as specified in the letter), for 1,000 bags of coffee. Smith ships the coffee, draws his bill of exchange on the London banker, attaches thereto the bill of lading, and has no difficulty in discounting the bill, thus receiving immediate funds for further use in his business. When the coffee arrives at destination the buyer may pay the banker and take up the bills of lading, or (as is most often done) he may arrange for an additional time in which to pay. Thus the buyer bargained for coffee at a price prevailing long before its arrival in this country, and by paying at the port of export the equivalent of cash at the time of shipment received all the available cash discounts; and yet during all the time that the coffee was awaiting shipment, and while afloat, and during such further time as may have been arranged with the banker, the buyer did not lay out a dollar. During the last few years of low coffee prices it has been a beautifully easy matter for any buyer in good standing to obtain letters of credit for the full amount of the purchase price of his cost and freight bills, and, therefore, these have become very popular, and one with a good stock of coffee for sale who for any reason was prevented from doing a cost-and-freight business necessarily must have lost many profitable deals.

ADVERTISEMENTS.

[Journal of Commerce, New York City.]

Lampert & Holt Line.—"To Bahia, Rio de Janeiro, and Santos."—"Regular sailings 5th and 20th of each month."—"Through cargo taken to all south Brazil ports."

Hamburg-South American S. S. Co., Hamburg-American Line.—Advertise sailings December 10 and January 10 to various South American ports, including Rio de Janeiro and Santos.

Prince Line.—"Direct to Rio de Janeiro and Santos."

Lloyd Brazileiro, Brazilian S. S. Line.—Advertise sailings for various ports, including Rio de Janeiro and Santos.—"Through bills of lading issued to all Brazil coast, Uruguay, Argentine, and Paraguay ports."

[Brazilian Review, Rio de Janeiro.]

Lampert & Holt Line.—"Passenger service for New York."—"Average passage Rio to New York, 17 days."—"For freight, apply to the broker, 61 Rua de S. Pedro,"

Prince Line.—"Regular sailings to the United States."—For New York, *Corsican Prince*, 20th October. For New Orleans, *Spanish Prince*, 18th October.

"Hamburg-Sudamerikanische Dampfschiffahrtsgesellschaft in connection with the Hamburg-Amerika Line."—Gives sailing dates to Europe and River Plate points, but none mentioned for the United States of America.

SUPPLEMENTARY NOTICE TO SHIPPERS FROM SANTOS.

With reference to the notice to shippers dated 15th July, 1908, issued by the Hamburg Suedamerikanische Dampfschiffahrts Gesellschaft, Prince Line (Ltd.), Royal Mail Steam Packet Co., Hamburg-Amerika Linie, Norddeutscher Lloyd, Lamport & Holt, the said lines herewith beg to notify shippers of the following amendments and additions to the terms stipulated in the above-mentioned circular, viz:

1. That the rebate due to shippers who have confined their total shipments of coffee to the combined lines during the 12 months ending 31st August, 1909, be paid within three months after that date unconditionally.

2. That no exporter be allowed more favorable conditions than another.

3. That the freight to Europe never be more than 5/- and 5 per cent prime above the bona fide charter rate with a minimum rate of 20/- and 5 per cent prime.

4. That the rate to the United States shall never be more than 10 cents and 5 per cent prime above bona fide charter rate with a minimum rate of 30 cents and 5 per cent prime, that, however, the present rate to the United States of 25 cents and 5 per cent prime will be maintained during the continuance of the Lloyd Brazileiro's berth rate of 15 cents.

5. In case the combined lines fail to supply the available tonnage required at the above rates of freight by their own or chartered steamers within a reasonable time, say 14 days from the date of request, or if their current rate be not in accordance with what is stipulated in clauses 3 and 4, of this agreement, the exporters shall be at liberty to charter or ship in an outside vessel or vessels, or a part of parts thereof, without prejudice to their right to rebate under this agreement. In case of an exporter deciding to charter outside tonnage upon the grounds that the rate of freight charged by the combined lines be at any particular time more than 5/- and 5 per cent per ton and 10 cents and 5 per cent per bag in excess of the rates of freight at which coffee could be shipped at the time in question by outside steamers, then the said exporters shall produce to the agents of the combined lines in Brazil, at the time of such outside chartering, evidence as to the latter rate of freight.

It is understood that the exporter will not offer, directly or indirectly, any chartered tonnage of his to other shippers at a lower rate of freight than his own charter rate.

6. The combined lines agree to give 14 days' notice of any increase in the rate of freight and to supply tonnage required by exporters, at the lower rate at the time notice is given, to the extent of tonnage available by their ships loading within 14 days from the date of notice.

7. All disputes arising upon this agreement shall be referred to arbitration in London under the terms of the arbitration act 1889.

In any such arbitration all protests, certificates of brokers, surveys, and other mercantile documents shall be admitted in evidence for what they are worth.

SANTOS, 11 September, 1908.

By authority of the combined lines.

E. JOHNSTON & Co. (Ltd.),

Agents of the Hamburg Suedamerikanische Dampfschiffahrts Gesellschaft.

ZERRENNER, BULOW & Co.,

Agents of the Norddeutscher Lloyd, Bremen, and Prince Line (Ltd.).

THEODOR WILLE & Co.,

Agents of the Hamburg-America Line.

F. S. HAMPSHIRE & Co. (Ltd.),

Agents of the Lamport & Holt Line.

GEORGE W. ENNOR,

Agent of the Royal Mail Steam Packet Company.

Approved.

SOCIETE FINANCIERE AT COMMERCIALE FRANCO-BRESILIENNE.

NAUMANN, GEPP & Co. (Ltd.)

MICHAELSON, WRIGHT & Co. (Ltd.)

HOLWORTHY ELLIS & Co.

RAPHAEL SAMPAIO & Co.

PRADO, CHAVES & Co.

CUNHA, BUENO & Co.

DIogenes FERREIRA & Co.

KRISCHE & Co.

NOSSACK & Co.

GEORGE ROSENHEIM.

ROXO & Co.

LEVY, ALVARO & Co.

BALDWIN & Co.

SCHMIDT & TROST.

Accompanying the foregoing circular is a form under the caption "Claim for rebate," to be filled out as of 1st March, 1910, and which contains the following paragraph:

"We hereby declare that neither during the period named above, nor since, have we been interested, directly or indirectly, either as principals or agents, in other shipments of coffee from Santos to the ports of Antwerp, Amsterdam, Rotterdam, and the Rivers Weser and Elbe or to ports in the United States of America, by any steamers other than those of the Royal Mail Steam Packet Co., The Hamburg Südamerikanische Dampfschiffahrtsgesellschaft, The Hamburg-Amerika Linie, the Norddeutscher Lloyd, Messrs. Lamport & Holt or the Prince Line (Ltd.)."

NOTICE TO SHIPPERS FROM SANTOS.

Shippers of coffee from Santos are hereby notified that, subject to the conditions hereinafter expressed, the undersigned lines will pay the following rebate of freight on coffee shipped by their respective steamers to the ports of Antwerp, Amsterdam, Rotterdam, and the Rivers Weser and Elbe, and to ports in the United States of America during the year beginning 1st September, 1908, and ending 31st August, 1909, and thereafter year by year until further notice, viz:

Five per cent for shipments up to 100,000 bags, and one-quarter per cent more for every additional 10,000 bags up to a maximum of 10 per cent for 300,000 bags or over.

The rebate to be paid to each shipper will be computed every 12 months, say up to the 31st August in each year, on his total shipments by the combined lines, and be payable six months afterwards, but only to shippers who have up to such due date of payment confined their shipments of coffee to Antwerp, Amsterdam, Rotterdam, and the Rivers Weser and Elbe, and to ports in the United States, to the undersigned lines.

No rebate will be paid on freight on sample lots, nor on additional freight charged for delivery at post-terminal destinations of goods shipped on through or optional bills of lading.

A statement of rebate claim must be made on a form as annexed and presented within the three months succeeding the date on which payment falls due to the agents of the company which has carried the merchandise in respect of which the rebate is claimed.

Until further notice any shipments by steamers of the National Brazilian Line, under the Brazilian flag, to the United States, and of the Koninklijke Hollandsche Lloyd to Amsterdam, at not under conference rates of freight and conditions will not prejudice shippers' claims to rebate.

ROYAL MAIL STEAM PACKET CO.
HAMBURG SÜDAMERIKANISCHE DAMPFSSCHIFFFAHRTS-GESELLSCHAFT.
HAMBURG AMERIKA LINIE.
NORDDEUTSCHER LLOYD.
LAMPORT & HOLT.
PRINCE LINE (LTD.).

DATED JULY 15, 1908.

NEW YORK, July 19, 1910.

Messrs. ARBUCKLE BROS.,
Old Slip and Water Street, New York City.

GENTLEMEN: We beg to advise you that the following Prince Line steamers are berthed to load coffee at Santos and Rio de Janeiro for New Orleans and New York, viz:

New steamship *Eastern Prince* expected to sail from Santos July 20, for New York.

Steamship *Norman Prince* expected to sail from Santos July 25, for New Orleans.

New steamship *Scottish Prince* expected to sail from Santos July 30, for New York.

Yours, faithfully,

PAUL F. GERHARD & CO.,
Per H. CONNOR,
General Agents.

The CHAIRMAN. Judge Hardy, I believe there is some statement you desire to make in regard to the shipping clerks' resolution?

Mr. HARDY. I just want to say, Mr. Chairman, that we did not feel it was proper, at this time, to go into the details of testimony, unless we were compelled to do it. We think we have already given enough general and universally admitted facts to show that the condition of combinations exist in our coastwise and inland trade, both by rail

and water, and that the effort to create this committee to make this investigation was for the purpose of getting sufficient testimony at that time to show the absolute circumstances of a condition that needs a remedy, and that its purpose would be largely to throw the light of publicity on these conditions.

The CHAIRMAN. Looking to legislation on the subject?

Mr. HARDY. Looking to legislation on the subject and without remedy there is no need of investigation. That committee would be largely for the purpose of endeavoring to find the remedy. I believe this committee has heard all the incidental facts necessary, and we do not care to present any further facts. We are ready to leave the matter with this committee now.

Mr. LENROOT. Mr. Hardy, is the resolution as originally introduced in such form as you think would cover your entire case?

Mr. HARDY. I think probably it may make more prominent the foreign than the domestic condition. As to the form of the investigation, that matter would be a matter of conference.

Mr. LENROOT. Has that matter been reintroduced? There were some suggested amendments.

Mr. HARDY. I do not think those amendments changed it. That was a long time ago.

Mr. LENROOT. Some time ago.

Mr. HARDY. I think the resolution now covers all that is necessary. It stands now as a resolution asking for a joint committee, and there is a good deal of question as to whether it ought to be a committee of the House.

Mr. CAMPBELL. I think if you examine the experience of joint committees you will find that a separate committee is preferable.

Mr. HARDY. I think myself that would be preferable; they can work better that way.

Mr. CAMPBELL. And they have authority to command the attendance of witnesses.

Mr. HARDY. One great advantage is they are not so unwieldy. I have nothing further to say, unless there are some questions.

The CHAIRMAN. Mr. Humphrey, we will hear from you now.

Mr. LOBECK. Mr. Chairman, I just wish to call attention to one thing, that in my argument I show how the financial men of this country broke up the Osbornes and other people, by withholding credit.

Mr. HUMPHREY. Just a word in regard to why I think this should be a joint resolution. In the first place, I think so because Senator Clapp, in talking with me over the telephone, told me that unless some such resolution was passed through the House, he was going to have a similar investigation in the Senate. In addition to that fact, I talked with the President about it, and he thinks that it ought to be a joint commission. His reasons, I think, are largely the same as mine, and you will find, in my judgment, before you get through, that this matter largely affects our treaty relations.

Mr. HARDWICK. In what way does it affect our treaties?

Mr. HUMPHREY. I gave to the committee the other day——

Mr. HARDWICK. Discriminations practiced against the United States?

Mr. HUMPHREY. I see discrimination constantly against us in our foreign trade.

Mr. HARDWICK. Does that affect any treaty we have with Germany, for instance?

Mr. HUMPHREY. I think it does. We have treaty relations with all these nations of the world that we shall not be discriminated against, that we shall be treated fairly.

Mr. HARDWICK. Do you make a contention that those treaties would affect carrying conditions and operations on the ocean?

Mr. HUMPHREY. We have these treaties in regard to commerce that all nations shall be treated alike, and they are very broad. Here is a German line, subsidized by the German Government, serving as an auxiliary to the German Navy; and here is a friendly nation to the south of us which gives us a discrimination of 20 per cent. Brazil has been trying to get our trade for years by doing that, and immediately these foreign ships increase the freight rates sufficient to offset that preference; and this by government-controlled lines. Is that a discrimination? Are the people of this country going to permit government-controlled lines and government-subsidized lines to do those things?

Mr. HARDWICK. Give a cheaper rate to Germany from Brazil than to the United States?

Mr. HUMPHREY. We could at least consider whether we ought not to take some measure in retaliation.

Mr. CAMPBELL. We could not retaliate by a preferential tariff without violating our treaty obligations.

Mr. HUMPHREY. That has been the question. The big question is this: Are we going to permit other nations, by the use of their ships, to discriminate against us and destroy our trade with foreign countries? That is what they do; and it seems to me that, as the Senate deals particularly with treaties, we ought to have a joint commission.

There is another thing about it; it is going to be a world-wide investigation when you get started in this matter; it is going to be a big undertaking, and I think the Senate ought by all means to be represented upon a commission of that kind; and it would seem to me that, especially in view of the fact that we are dealing with foreign countries, we ought to have a joint committee.

Mr. LENROOT. Do you feel hopeful that the Senate would concur in this resolution?

Mr. HUMPHREY. I told you what Senator Clapp told me. He said that he was going to introduce a similar resolution; but he said that he understood I had been pressing it, and he hoped I would get it reported and that it would be put through. Then I talked with Senator Lodge about it, and he was anxious to have this kind of resolution passed; he thought it ought to be a joint commission.

Mr. HARDWICK. Why did you not do that at the time you established the Olcott committee?

Mr. HUMPHREY. When you get down to the truth about it, all there was in that investigation was to find out whether somebody who had called some one a liar had himself told the truth. There was nothing else in it.

Mr. HARDWICK. They did go a good deal further than that.

Mr. HUMPHREY. Yes; they did. I suggested a good many questions that called out a good deal of valuable information, but they were outside their authority when they were doing it.

I would like to put a letter or two in the record before it is closed, and I am not sure but what it would be well for me to put in a copy of a speech I made in the House in the record, because it contains citations to this report of the royal commission that would save a good deal of time for the committee.

Mr. HARDWICK. The British report, you mean?

Mr. HUMPHREY. Yes, the British report. I can simply say this, in conclusion, that you will find when you look at that report and the other documents that I have introduced you have a complete case from documentary evidence.

One other matter that you asked me about the other day was in regard to the present advertising transactions. This morning I received a letter from Mr. Thompson, the manager of Pearson's Magazine, and it seems the Hamburg-American Line was very much perturbed about what I said, and they have written an explanation, and the substance of it is that this was done through an unauthorized agent. I am going to wire Mr. Thompson this afternoon, and if he will permit, I will publish the letter in the record.

Mr. LENROOT. Your resolution of April 20 is the only resolution now pending?

Mr. HUMPHREY. Yes. I think there were two or three verbal amendments.

Mr. LENROOT. Some amendments in relation to foreign commerce?

Mr. HUMPHREY. That were made here in the committee. I want to say to this committee that we feel sure, as far as evidence is concerned, that it is not necessary to take up any more time. I have had communications from a number of people wanting to come here and be heard. I think that the evidence already produced is sufficient and I do not think it is necessary to produce anything more, because it would be cumulative.

Mr. HARDY. If this resolution has not been amended as we think it ought to be, we will get together and do that in a short while.

The CHAIRMAN. Is there any other gentleman to be heard?

Mr. FRANCIS J. LOWE. Mr. Chairman, I would like to state I came here to talk on the harvester question, but inasmuch as one phase of that relates to this matter, if you would hear my remarks for a few minutes, I would be pleased. I would like to talk to you on this matter as an expert merchant of New York City for 20 years.

The CHAIRMAN. What is your name?

Mr. LOWE. Francis J. Lowe. I am interested in the shipping problem for the same reason that yesterday I was present when a certain party spoke in favor of the shipping pool. Now, about four years ago—

Mr. LENROOT. Of the shipping pool?

Mr. LOWE. Of the shipping interests.

Mr. LENROOT. Shipping?

Mr. LOWE. No, no. I want to explain that point. There was a gentleman who intended to speak in support of the shipping interests, but Congressman Humphrey was opposed to that. I want to support Congressman Humphrey's statement.

About four years ago I was on the east coast of Africa, and Delagoa Bay, having been in South Africa selling farm machinery, and on board the steamer I met a young German, who said to me, "What are you doing down here?" I said, "I am trying to sell agricultural ma-

chinery." He said, "You had better go home; it will not do you any good to stay here." I said, "We have wonderful factories, and we have facilities as good as any other country." He said, "Yes, but you have got the wrong shipping rates. This steamer is a subsidized steamer of the German Government, and we can ship the same class of machinery to this port at 17.6 per ton of 40 cubic feet. What is your rate to this port?" I said, "It has been 35 and 40 shillings." He said, "How do you expect to compete with German manufacturers when you have the wrong shipping rates from New York?" "Well," I said, "that is a fact, but it is a thing that can not be helped just now because we have a shipping pool controlling the rates not only to South Atlantic and South American ports, but to the ports of all the known world."

Mr. LENROOT. May I interrupt you right there? What might be a fair differential between European points and this country, on rates? You speak of 17.6 and 40.

Mr. LOWE. About one-half of that would put us in a position to compete on that particular class of machinery.

Gentlemen, it has occurred to me that some of you Congressmen might introduce a bill on that subject. You have the solution of this entire shipping, money, and harvester and other questions staring you in the face. You could introduce a bill and put an export tax on machinery.

Mr. FOSTER. But we can not do that. That is prohibited by our Constitution.

Mr. LOWE. I will explain. If you have an export tax on the products now controlled by trusts that are sapping the lifeblood out of the people—do you not see that the Steel Trust claims to have exported \$250,000,000 worth of products, and the Standard Oil over \$100,000,000 worth? If you have an export tax, and then add an amendment on the bill that those goods shipped in American bottoms would not be subject to the tax, you have the solution of the entire question, because these great trusts could not exist six months if there was a tax on their export products. By having the Panama Canal Zone wide open for the American ships, you have got these great trusts where you want them, and they must patronize American ships to carry American commerce throughout the world.

Mr. LENROOT. Do you think American-built ships, in that way, would enable American manufacturers to compete with Europe?

Mr. LOWE. If the Panama Canal—I have been bitterly opposed to subsidized ships up to the present time. I opposed this subsidy proposition here in Washington for the reason that the Gallinger bill had the rates stricken out. What we want is cheap rates, and the only way to get that is to have the American ships pass through the Panama Canal free.

The captain of a freight steamer not long ago informed me that in coming back from India it was to his interests to come around the Cape of Good Hope, instead of passing through the Suez Canal. I said to him: "That seems peculiar." He said: "You must remember we pay 7 francs a ton, and it would cost our boat \$8,000 to pass through. I save that money by coming around the Cape of Good Hope, and coaling at Durban, on the east coast of Africa." He said: "If you tax American ships going through that canal it will not be a commercial success." The rate on the Suez Canal is now down to

7 francs, and the rate once was 24 francs, and we will have to compete with the Suez route, and the only sure solution is to throw the Panama Canal open to American ships.

The CHAIRMAN. We want to bring this matter to a conclusion.

Mr. LOWE. You have the solution right there. Your export tax would cost so much in duties to these great trusts that they would be compelled to patronize the American products.

Mr. FOSTER. You will have to get us some other solution besides an export tax.

Mr. LOWE. I think we could get a solution with that.

Mr. FOSTER. You can not do it in that way, in my judgment.

The CHAIRMAN. We will now hear from Judge Hardy.

STATEMENT OF HON. RUFUS HARDY, A REPRESENTATIVE IN CONGRESS FROM TEXAS.

Mr. HARDY. Mr. Chairman, I am not prepared with any special presentation of this matter. I want to say that I listened to Mr. Humphrey yesterday, and I have heard his presentation of this matter before, and I believe everything he says is absolutely true as to the fact of combination.

But I want to call attention to this fact: The original Humphrey resolution was for the purpose of investigating the foreign shipping combine alone. After that a resolution was introduced by myself, or by Judge Alexander and myself, for an investigation that would include combinations of railways and of the domestic coastwise and inland shipping lines. Judge Alexander and Mr. Humphrey, I think, conferred together and attempted to put both resolutions into one resolution. I want to call attention to the fact that the operations of the shipping combine are not only not confined to the foreign shipping interests about which Mr. Humphrey is most concerned, but that our own domestic railroads and ship lines here in our own land are part and parcel of the same combination. For instance, one gentleman referred very definitely and in detail to the fact that when Brazil had given us a preferential of 20 per cent in tariff the shipping combine at once raised their freight rates on traffic from American ports to Brazil enough to cover the difference in the differentials. I want to call attention to the same thing that happened when we raised the duty on lemons under the Payne tariff bill. The minute we raised the tariff rate the transcontinental roads raised their rates sufficient to cover that differential.

Mr. FOSTER. Did not the Interstate Commerce Commission correct that condition?

Mr. HARDY. I think it was checked to some extent by the commission and the Commerce Court. The trouble with the Interstate Commerce Commission and the Commerce Court is that before a man gets relief he is dead.

Now, I want to say that I listened to a very interesting speech by Congressman Kennedy, from Ohio, discussing the fact that some kind of pottery was brought here from Germany, and that the freight rate from the German port of starting to the interior points of the United States are usually much less than they are from points in our own country to the same destinations, and that the tariff was thereby counterbalanced. We are fact to face with conditions all over this

country which enable the great transportation lines to destroy the effect of the tariff regulations and rates, and to do as they please with the traffic and business interests of the country by the imposition of just such freight rates as they see fit from foreign or domestic ports, and to even use tariff rates for raising their freight rates.

I want to call attention to the fact that at Galveston, a port with good trade and with its local interests, and a port that might grow as an import and export city, they have found that no independent shipping industry can live. Several times it has been tried. A ship company would go from New York and undertake to establish a line of tramp ships to Galveston; that is, an independent line. That line could not get any kind of a deal with railways for a division of the total rate. The result was that the rate on that ship line from New York to Galveston had to be very low or get no traffic. In fact, when full local rates were charged by the railways to inland points on goods brought to Galveston in these independent ships there was practically nothing left for these ships to charge if they competed on through rates with the ships working in combination with the railroads. The result was that independent lines died. They can not establish an independent line from New York to Galveston for the reason that the railroads charge such enormous rates for their part of the haul that there is no profit to the independent company, and the independent company has to go out of business. The ships in the combination can and do live because they get an equitable division of the whole through rate.

I want to call attention to one other fact. Mr. Humphrey thought that the reason why the rates from Germany to South America, direct, were so much less than from here was because the foreign ship combine wanted to favor the German industry. Commerce is not patriotic. There is nothing in that, in my opinion. That same shipping pool ships freight from Liverpool and from Bremen, Germany, to Galveston, Tex., from one-half to one-third the total charge that our coastwise combination ships freight from New York to Galveston. Take the freight rate from Liverpool and from Bremen to Galveston, and on the majority of items of cargo the rate is less than one-half what it is from New York to Galveston. Our coastwise companies are in combination with the railroads and our railroads are in combination with our coastwise shipping, and they do what they please with the commercial interests of this country. How is it that pottery shipped by way of New Orleans from some German point to an interior point of the United States pays a less rate than it does starting from some place in the United States not so far as New Orleans from the point of destination? The transportation companies have an idea that they have great supervisory power over the industry of the country, to tax the traffic all it will bear, under any and all conditions, and to tear down and build up industries as they judge best.

I am absolutely sure that the contract introduced here by Mr. Humphrey the other day will be found to be practically similar to all contracts between the railroads and the coastwise shipping interests of this country, and between the railroads and the foreign shipping interests of this country. We know that a local merchant here in Washington is going to buy his goods where he can get them cheapest, and he is going to send them over the road on which he

can send them cheapest. The railroads if allowed can make any shipping line either the cheapest or the dearest, and consequently let it live or make it die. I am not here to go into the question as to why rates are cheaper from Rio de Janeiro by way of Europe to New York than direct to New York, but I apprehend that the carrying company, finding many passengers to go by way of Liverpool, can afford to carry passengers that way and then to New York cheaper than to send a ship with fewer passengers from Rio de Janeiro to New York. The truth is that freight will become cheaper or higher in the absence of combination just in accordance with the amount of freight to be transported in a certain way. And so far as your shipping combines are concerned, talking about them having a patriotic purpose and serving the interests of Germany against the United States, that particular combine is largely carried on by American capital, and whether this combination is controlled by foreign or American capital will and does make no difference. They are in the business for themselves and not for their Nation.

Mr. WILSON. Are you positive of that statement as to American capital?

Mr. HARDY. It would depend on what you call "largely." You might call it a three-quarter interest, and I might say if the Americans had 20 per cent in it, that our capitalists had that much interest in this combine—

Mr. WILSON. What I am getting at is just for information, and I have often wondered whether you had any definite information as to the truth of that statement.

Mr. HARDY. My definite information is from an article I read, written by Henry Clews—and I think Henry Clews is pretty generally considered a well-informed gentleman on that subject—and he undertook to state the amount of American capital in these concerns, and he said that while you are talking about wanting an American merchant marine, with American capital, that there was enough American capital in shipping now under foreign flags to constitute a great merchant marine. My judgment is these combines are like all commerce, and commerce always kneels only at the shrine of the dollar. That is all.

There are a good many other matters you might take up in connection with this matter. You will find that freight rates on land and on sea are made under the rule of taxing the traffic all it will bear. They sometimes think it is their duty to encourage an industry as much as possible, and they will cut down the tariff on that particular product. They put themselves in the place of the Almighty Himself, and they say which portion of this country shall prosper and which portion shall not prosper. They make themselves the arbiters of the rise and fall of cities and towns and industries and communities.

I had just that particular thought just simply to say that this combination does not stop at foreign shipping interests; it takes in the domestic coastwise trade, and the inland trade, and the railroads: they all work in together, and it is a question whether or not we can devise means to stop it. It is a combination of combinations, and so far as settling that by imposing, as the gentleman said just now, discriminating duties on vessels going through the canal, that is only a drop in the bucket. We are expected to look for remedies; that is our business, or it ought to be our business as lawmakers. We know

the evils; we know that no industry can thrive to-day when the railroads are permitted to sit down on the industry, and by unjust freight rates prevent it from thriving. And we know, so far as our merchant marine is concerned—if we will just stop to think about it—we know that when the domestic ships cost 60 per cent more than the foreign ships, they can not be put in competition by the side of them.

If we are seeking a remedy for our evil we must go to the root of it, and my opinion is that if we start in by removing the difference in the cost of the vehicles of transportation, then we have taken a long step toward putting the American flag on the sea.

I want to tell you gentlemen another thing—

Mr. LENROOT. If I may just interject there; that suggestion would not apply to coastwise traffic, would it?

Mr. HARDY. If our coastwise traffic could be induced to compete among themselves, you would not have such a condition existing, so that the freight rate from New York to Galveston was twice what it was from Liverpool to Galveston. I mean to say that as to our coastwise trade—

Mr. CAMPBELL. You think that the greatest evil is at home?

Mr. HARDY. Most assuredly; and that is within our jurisdiction. We know there is no question about the applicability of the Sherman antitrust law, or any other law we make, and we sit here and permit our coastwise trade to tax our people twice what the foreign shipping combines tax us.

Mr. CAMPBELL. Mr. Hardy, just on that point. There has been a great campaign made to secure lower freight rates through the interior of the country, by deepening rivers and building canals. Do you think if feasible to make reductions of that sort in view of the fact that you say that we are not getting cheaper rates from our coast cities?

Mr. HARDY. Before the Rivers and Harbors Committee a few days ago I was urging strenuously the deepening or clearing out of two rivers in my district, and I wound up with this statement, that if I thought the Congress of the United States would continue to permit the railroads, by cutthroat methods, to destroy the actual transportation on rivers and canals, I would fight against every dollar of appropriation for the improvement of any river. I understand they are hauling some freight on the Mississippi River now. We went down that river a few years ago, and we did not see a single load of freight on that river anywhere. The Mississippi does not carry any freight, practically; and the reason it does not is because the rate on the railroads from the interior points has been raised high enough to make the interior points pay for their low rates at water points, by which they kill the water transportation. The interior points are made to pay tribute. We have got to get in under this combination of our ships and railroads and prevent cutthroat methods.

It is a question for Congress to find out; what the remedy is for the evils that are in existence. But I did not intend to keep this committee any length of time. I just simply want to say that everything that the gentleman from Washington stated as to the facts is absolutely true, and then it goes somewhat further and takes in our domestic and coastwise inland railroads, and the truth was not half told by him.

The CHAIRMAN. Mr. B. N. Baker, of Baltimore, is here. He is a practical shipping man and we will be very glad to hear any statement Mr. Baker may care to make.

STATEMENT OF MR. B. N. BAKER, OF BALTIMORE, MD.

Mr. BAKER. Mr. Chairman, I did not come prepared to make any particular statement, but I will be glad to answer any questions the committee may ask, and answer them to the best of my ability. I heard what Congressman Humphrey said. Every word is true. There is no earthly use of this committee going to work to investigate in order to find out whether there is a Steamship Trust. There is, of course. It is all in writing.

Mr. FOSTER. You do not think it is necessary to go into an investigation of the Shipping Trust?

Mr. BAKER. No; but as to whether it exists. I do not see any necessity for an investigation to determine whether it is in existence. It does exist. I was for many years myself a member of the Continental Conference, as president of the Atlantic Transport Co. Under the American laws, although we were an American corporation, we were compelled to own our ships under the British flag, through owning the stock in a British corporation. We had to have some British stockholders.

Mr. FOSTER. State a little more fully about that. Did you invest the money of this company, and they had to float an English ship flying the British flag?

Mr. BAKER. They had to float an English ship flying the British flag.

Mr. FOSTER. Under the laws of England?

Mr. BAKER. Under the laws of England. We could not put them under the flag of the United States on account of our navigation laws.

Mr. FOSTER. You were doing that because you could not build a ship here, but you had bought it here?

Mr. BAKER. Yes.

Mr. FOSTER. You were flying the British flag, but yet in reality it was an American ship?

Mr. BAKER. And Americans owned it.

Mr. POU. They owned all the stock?

Mr. BAKER. Every dollar's worth of stock.

Mr. POU. Do you know of other concerns doing that to-day?

Mr. BAKER. No; there is very little. There has been a great deal said about American-owned foreign ships. I am pretty familiar with the subject, having been in the business for 30 years. There has been a great deal said about ownership in these lines by American capital. The Cunard Steamship Co.—no American can hold a share of stock by law, so jealously do they guard their interests under the British flag and the question of the protection or development of their auxiliary naval reserve in the Cunard Co. that they will not allow an American to hold a share of stock.

Mr. STANLEY. Are these ships so built that they can easily be turned into ships of war in case of need?

Mr. BAKER. As transports, and also auxiliary cruisers. There is very little to be done—we always had our larger ships under admiralty subvention. The additional cost was comparatively small. They

allowed us about \$50,000 to make the change. It only required little extra strengthening forward and arrangements between decks to provide for the carrying of horses and troops. And that is why admiralty subvention was given.

Now, with regard to the question of the large ownership in foreign shipping by Americans. It does not exist, in my opinion. I have had a long experience. I have owned stock, individually, in the Hamburg-American Packet Co., and in the Cunard, at one time. I do not hold that now. The Hamburg-American Packet Co., I think, is almost entirely owned in Germany. The Pacific and Oriental and the Orient Line in England, and I doubt if there is one person holding any stock in the United States. Now, we come to what is known as our American Line, The International Mercantile Marine. It is an American corporation. But fully 80 per cent of their tonnage is under the flag of Great Britain and the Belgian flag. Recently they had transferred two of the ships of the Red Star Line, which were built in the United States. They transferred them to the Belgian flag to get the advantage of certain concessions given by the Belgian flag, and they have recently retransferred them back to the American flag to take advantages of the possibilities of the Panama Canal, on its opening, to American ships. They were built in the United States.

About the International Mercantile Marine, which owns the American Line, it is difficult to say what the holding is. The common stock is worth very little, the preferred stock about 20 per cent of par value, and the bonds about 65 per cent. To-day the controlling interest in the company is, of course, in the bonds. They have recently made a new bond issue. The amount of American capital under foreign flags is comparatively small, and it would not amount to very much.

Mr. WILSON. Is this Atlantic Transport Co. still in existence?

Mr. BAKER. Yes, in a way. They had to maintain the corporate existence of all the different companies in uniting them in the International Mercantile Marine on account of the collateral bonds. The stock of the lines was all deposited as collateral for the collateral trust mortgage which is now in existence for \$50,000,000 and keep up the organization of companies, although it is nominally all controlled by the International Mercantile Marine.

Now, as to the difference in cost between American and English built ships. The difference in cost I went into very fully. The difference in cost does not exceed, on certain classes of ships, for instance, large freight ships, more than 30 per cent. If our steel manufacturers would sell steel at the same rate—plates particularly—as they will sell it for export abroad, it would practically reduce that to 20 per cent.

Mr. STANLEY. What is the difference in price per ton for ship plates, do you know?

Mr. BAKER. No, I do not, just at the moment. At one time it was very great. At times it varies very much. One of our large ships, the *Minneapolis*, built in Belfast, was built entirely of American plates.

Mr. STANLEY. And sold cheaper there?

Mr. BAKER. Yes; cheaper to take the plates over there and build it there. That must have been in 1898 that that ship was built—no, it was about 1900. It does not make a great deal of difference.

Mr. STANLEY. What is the freight, do you know, approximately, the cost of transportation of a ton of ship plates from Pittsburgh to this point in Ireland?

Mr. BAKER. What would be the total cost?

Mr. STANLEY. Yes. You have an overland haul to the sea, and then—

Mr. BAKER. It would be about \$5 a ton I should think. It could be carried on the ocean for about \$2.50 per ton at that time, for 3,000 miles to Belfast, Ireland.

Mr. STANLEY. Yet you paid that freight and still made money by the use of American ship plates. Were these ship plates made by the Carnegie Co.?

Mr. BAKER. I have forgotten.

Mr. STANLEY. Was it a Pittsburgh company?

Mr. BAKER. No.

Mr. STANLEY. That is a great plate concern.

Mr. BAKER. Yes; I have been all through their place.

Mr. POU. Are you familiar with the coastwise-trade rates in this country and the freight rates in the foreign countries?

Mr. BAKER. Yes; you mean how they compare?

Mr. POU. Yes.

Mr. BAKER. Some of the freight rates—there is a remarkable condition. The coastwise rates are all much higher than in England, except when you come down to certain classes of heavy traffic that can be carried on schooners. At times the coal rates from the coal ports come down to a very low point, quite equal to anything in England. The rate, as I remember it, was about three shillings or 3.6 from New Castle to London. That would be about the same distance as from Chesapeake Bay points to Boston. The rates there are about \$1 or \$1.10. When we come to our lake rate, on account of our superior facilities in handling enormous quantities of ore and coal, there is quite a difference. All those vessels are built at Buffalo and Cleveland. I do not believe we have a coastwise line to-day which is not controlled by the railroads, directly or indirectly.

Mr. STANLEY. At that point I want to ask you about this: What do you think about this custom in the United States of allowing private corporations to own public utilities like harbors? The harbor at Ashtabula and Superior, maintained at the cost of millions of dollars by this Government, is used by practically nobody but a private corporation.

Mr. BAKER. It is all wrong.

Mr. STANLEY. If this Government would take possession of the harbor, as in New York, own the terminals, I mean the wharves—

Mr. BAKER. Yes; I understand you perfectly.

Mr. STANLEY. And enough land around them to allow all the railroads that wanted to get in there, and all the ships that wanted to get facilities could get in there, do you not believe it would remedy this evil?

Mr. BAKER. It would help. Let us look at New York. Very recently they built five piers to accommodate the steamship business. Those piers are supposed to be leased to the highest bidder. The Southern Pacific Co. leased every one of those five piers to prevent their being used with any possibility of developing business by way of the Panama Canal. Mr. E. A. Drake, the vice president of the

Panama Steamship Co., found he must have additional facilities for your own Government steamship lines. He could not get that. He went to the harbor commission and said, "There are those piers being tied up and not being used. I have got the business; I can not take care of it." He came down to see the Secretary of War. The Secretary of War notified Mr. Tompkins that something must be done, and I believe went so far as to threaten the possible prevention of the appropriation for New York Harbor if something was not done. Under those circumstances, and with Government assistance back of him, he finally got the use of one of these piers, something that was absolutely necessary. There is a question of city ownership, and yet see how that can be hampered by some large interests.

Mr. STANLEY. In European countries, do the Governments own their own wharves?

Mr. BAKER. In some cases.

Mr. STANLEY. Tell us about that.

Mr. BAKER. They do now in London. There were several systems of docks. There is the Mill Wall, the Victoria, the East India, and Tilbury Docks, and they were separate concerns. They have all been united, and they have put them all under a commission of the city of London, of which one of my former young men, Mr. Torrey, is one of the members, and they are making a fair distribution of the facilities among the different lines in proportion to the volume of business they are doing, with certain fixed rates per day per ship per ton, and everything is regulated on a systematic, businesslike basis.

Mr. STANLEY. I am anxious, if possible, to find some way to escape Government ownership of railways. I want to escape it, although it looks like we are being driven to it, and I fancied that we may escape the necessity for taking over these transportation lines by a control, as far as possible, of the terminal facilities. I am of the opinion that where terminal facilities are regulated by the Government they should belong to the Government.

Mr. BAKER. You have got to go further than that. So much has been said about the Interstate Commerce Commission. I have had many talks with them, and if you gentlemen will get them here they can give you a great deal of information. Get them to come up here. They are thoroughly familiar with it, particularly with regard to the Panama Canal. The Panama route has always been controlled by the railroads. They ought not to be allowed to control it. I have not a dollar's interest in asking for their noncontrol, except that I have some bonds which would be affected possibly, but not to any great extent, unfavorably. The control of facilities, however, will not altogether do. You must find some way to prevent the railroad control of competitive lines, and put those lines under the Interstate Commerce Commission. The railroads ought not to be allowed to control, under any circumstances, their water competitors; but, in justice to the railroads, the water competitors ought to be put under the jurisdiction of the same authority so far as the maximum and minimum rates are concerned, just as they do in Germany. I think the ownership of the railroads would be a very grave mistake by this country. They would be better managed, in a way, by independent interests; but you can control unfair, unjust, and unreasonable discrimination, such as unjust and unreasonable prevention of competition.

Mr. STANLEY. May I ask you another question right there? Tell the committee what you think along that line, in this same connection, in regard to the ownership of common carriers by industrial concerns; for instance, the ownership of a railroad by a manufacturing plant.

Mr. BAKER. It ought to be prevented.

Mr. STANLEY. There are certain manufacturing plants in the United States that own the railroad systems and operate them, and in that way conceal rebates which the law would have jurisdiction over.

Mr. BAKER. It ought to be prevented. There are times when you ought not to discourage an industrial corporation building a railroad to carry its business, provided it does not carry any other traffic but its own. But when you come to carrying general traffic there is a difference.

Mr. STANLEY. I draw the distinction between the ownership of a common carrier and the ownership of a plant facility. If a man is operating a coal mine or an ore mine and he is any distance from water or from the channels of trade, I claim he has a perfect right to own and use all those facilities for the transportation of his products. He can build a railroad if he wants to, provided it is not used as a common carrier and is confined to transporting the product of the plant. But when that car reaches its connection with a common carrier it should be subject to the same terms and the same conditions as if the product were brought there by a man in a two-horse wagon.

Mr. BAKER. Certainly; they ought to be prevented by law from controlling the common carriers where they are serving other interests. It is simply the first law of human nature to protect our own interests.

I recently had an experience which may be interesting. The question of the Panama Railroad Co.'s rates was a very serious one and how to remedy the difficulty was a very serious problem. The suggestion was made that something could be done, particularly in view of the opening of the canal, by the establishment of an independent service. The Government, through the present administration, have done everything they could under the law to encourage the establishment of such a service. In inducing them to do it, I promised to use my very best efforts to see whether the money could be raised. I was doubtful about it, but I made a determined effort, knowing that we were going into the question of facing competition, not only with the transcontinental railroads direct by rail, but also through their ownership of water lines, they would crush it out as they had done in a number of cases—particularly in the case of the Merchant Steamship Co. of New Orleans. I think a Galveston company was also put out of business.

The CHAIRMAN. It is about time for us to adjourn, so I will ask you to bring your remarks to a close as soon as you can.

Mr. BAKER. Yes, sir. An effort was made by the administration, through the Post Office Department, to protect the absolute ownership of this line which operated at a disadvantage, but there was a failure. Nobody lost anything but myself. I promised the Government that I would make a thorough test of it, and I did.

There are two bills—I have only a few minutes and it is not worth while going into the question—but there is one very important bill with regard to the absolute prevention of the control of the coastwise es, or any competitive water lines by the railroads, introduced by

Senator Bristow in the Senate the other day. That ought to have been done long ago. If we are going to leave these things, as Congressman Hardy said, to the commission and to the courts to decide, it will be a very long time before a business man can get a decision. Congress can do something.

I thank you gentlemen very much, and I will be glad to give you any further information I can.

Mr. CAMPBELL. You say Congress can do something. We can only enact laws.

Mr. BAKER. That is all.

Mr. CAMPBELL. Their enforcement is with the Executive and the courts?

Mr. BAKER. Yes.

Mr. CAMPBELL. How could we—

Mr. BAKER. I should say go further than that—

Mr. CAMPBELL (continuing). Prevent to control?

Mr. BAKER. Take, for instance, in the Panama Canal, where you have an opportunity for a new constructive policy, and the great demand of the War and Navy Departments for auxiliary cruisers and transports, of making the first experiment of seeing what the Government can do in that direction. You see what the British Government has done with the Cunard Co. in providing for that sort of thing, not letting the Government operate them, but let the Government control them, so that there would be a fair and independent service under the control of the Interstate Commerce Commission, so that they can fix a just and reasonable water rate. The Interstate Commerce Commissioners have said it is very well to fix a rate, but when we find that all the water lines are controlled by the railroad lines, how can we fix a just basis of rates where there is no water competition?

Mr. STANLEY. Would that be possible if it were not for the control of wharves and harbors? For instance, a man can build a boat on the lake for the cost of a locomotive, and it will haul as much as 10 trains of cars, but it can not unload anywhere except on the river banks. If the facilities for loading and unloading were controlled by the Government, having the power to prevent these combinations and let in any railroad that wanted to go in there—

Mr. BAKER. That would not prevent the railroad from building a boat to crush out that business just for the purpose of cutting competition off.

Mr. STANLEY. Do you not believe that would have a great tendency toward preventing it?

Mr. BAKER. Oh, yes.

Mr. STANLEY. I would like to ask, Mr. Baker, whether or not it would not be a sound policy to prevent railroad companies from owning water transportation?

Mr. BAKER. That is just exactly what this bill of Senator Bristow's does; it covers that important point. That ought to be passed by Congress immediately. There is not a coastwise line to-day which is not controlled by the railroads, directly or indirectly. The Merchants & Miners Co. is controlled by the New York, New Haven & Hartford Railroad—recently taken over.

Mr. STANLEY. You were recently engaged in an effort to organize a company to run a steamship line between the Atlantic and Pacific?

Mr. BAKER. Yes. There is no use looking for the Money Trust, in my opinion. They do not form any trusts or combinations in any way; but when they do not want capital invested contrary to their best interests they have a way of preventing that or making it very hard for that capital to be invested.

Mr. STANLEY. Do you remember whether or not the Houston Navigation Co. was owned by the Southern Pacific?

Mr. BAKER. I do not know.

Mr. STANLEY. Do you know to what extent lake transportation is dominated by the Pittsburg Steamship Co.?

Mr. BAKER. Pretty largely.

Mr. STANLEY. Do you know who controlled that company?

Mr. BAKER. No, I do not.

Mr. STANLEY. Do you know whether or not that steamship company is owned and controlled by the same directors, or the same men and the same corporate interests, that control the Duluth company and Pittsburg, Bessemer & Lake Erie Railroads? Are they all subsidiary companies of one large company?

Mr. BAKER. No; I do not know. I should think it would be good policy from their point of view. I know there has recently been a consolidation of interests there on the Lakes, the gradual acquiring of all lake interests. They are carrying freight at a rate that beats anything in this country.

Mr. LENROOT. That is by reason of existing competition?

Mr. BAKER. No, it is more due to facilities.

Mr. STANLEY. Loading and unloading?

Mr. BAKER. Loading and unloading.

Mr. LENROOT. But if they get all the Lake vessels in one combine is there any reason to suppose that they will not take advantage of the facilities?

Mr. BAKER. Oh, yes.

Mr. STANLEY. If you had to pay 20 cents to dock at the Superior ports and 20 cents more at the lower Lake ports, is that low or high?

Mr. BAKER. That is a rather high rate.

Mr. STANLEY. The rate is nominally low, rather than actually low?

Mr. BAKER. Yes.

Mr. STANLEY. They load some of those boats in 30 seconds?

Mr. BAKER. Yes. The cost of transportation by water is not so much the cost per mile, but is the expense in port. In our own experience in the London business—and we controlled 90 per cent of that at one time—will show that our terminal cost amounted to more than 3,200 miles of water transportation per ton.

Mr. STANLEY. Do you know whether this rate of 60 cents per ton between the upper and lower Lake ports—whether that applied simply to coke and coal, or whether it applied to grain and fruits?

Mr. BAKER. It does not apply to fruits, but it would apply to grain.

Mr. LENROOT. No; I think not.

Mr. BAKER. I think not.

Mr. STANLEY. Not to fruit or grain?

Mr. BAKER. Not a very low rate on grain. You must take rates on every commodity in proportion to the value of the merchandise. Coal, iron ore, and things of that kind where the percentage of loss

is small would be lower, but fruit and grain would be higher. The very low rates would not apply to that class of traffic.

Gentlemen, I thank you very much.

The CHAIRMAN. Here is a letter addressed to the chairman of this committee by Mr. J. McD. Price, secretary and traffic manager of the National Lumber Exporters' Association, and if there is no objection it will be printed as part of the record. It is not very long.

The letter referred to by the chairman is as follows:

NATIONAL LUMBER EXPORTERS' ASSOCIATION,
Baltimore, Md., January 13, 1912.

Hon. R. L. HENRY,

Chairman House Committee on Rules,

House of Representatives, Washington, D. C.

DEAR SIR: Referring to your favor of the 4th, I beg to advise that from a telegram received this morning I am rather inclined to think that none of our members will be able to appear at the hearing before your committee on Monday, the 15th. I therefore desire, on their behalf, to give you what information I have received on the subject of steamship combinations, practically all of which comes to me from our southern members and relates particularly to lines operating from New Orleans to European ports.

From this information there seems to be little doubt but that the Leyland Line and the Harrison Line, both from New Orleans to Liverpool, are operating under a rate agreement. I am advised by our assistant secretary at New Orleans that it is generally known that conferences regarding particular rates have been made rather openly; for instance, when the Leyland Line has been asked for a rate it would call up the Harrison Line and get its views before quoting. He was present in the Leyland Line's office two or three months ago and overheard a telephone conversation (without any attempt at secrecy) which, from the side he heard, was unmistakably a conference and agreement on some rate. Such instances could, no doubt, be collected in sufficient numbers to establish a custom. It is the general understanding among shippers at that port that there is a rate agreement, but it is right hard to furnish positive proof. The admitted relations of these lines at other Gulf ports may have a bearing on the case. In this connection I beg to advise that the Mobile Liners, a corporation at Mobile, of which Mr. S. A. Le Blanc is manager, is agent for the Harrison, Leyland, and other lines. The other lines serve other ports, and the joint agency as to them is therefore consistent, but the joint agency of the two Liverpool lines, Harrison and Leyland, seems significant.

I am also advised that the Leyland and Harrison Lines have a joint representative at Memphis, Tenn., in the person of Mr. J. H. Mallory. The J. H. Steele Co., freight brokers, Galveston, issued a Galveston sailing list which showed, a month or two ago, sailings by the Harrison-Leyland Line; also a later one which showed Liverpool sailings by the combination lines, explained as meaning the Harrison, Leyland, and Gulf Transport Lines. The only copies of these sailing lists which I had I have sent to Attorney General Wickersham. Most of the steamers which show Jackson as agent are Leyland vessels, while those for which Parr & Co. are agents are Harrison liners, with one exception in each case. On the Gulf Transport boats Jackson appears as agent for three and Parr & Co. for one. These lists, of course, are not much in themselves, but rather as indications toward a course of investigation. Further, one of our members reports that the latter part of November he had a conversation with Mr. Sanders, agent of the Leyland Line, New Orleans, during which he (Mr. Sanders) made the statement that the Leyland Line and the Harrison Line worked together on rates, and that the rates in force were agreed upon; that neither could shade these rates without breaking the agreement. This same member, when in Europe last fall, read in a London paper that there was to be a conference of freight lines in London, and that ocean rates from the United States were to be advanced 10 per cent. The advance in rates from United States ports was made after that notice was given.

There also seems to be an agreement between the South Atlantic Line and the Leyland Line, New Orleans to London, as evidenced by copies of letters herewith, from which you will note that last summer a shipment of some twenty cars of lumber made by one of our members, booked for the South Atlantic Steamship Line was transferred by that line to the Leyland Line. This was done at a time when the South Atlantic Steamship Line was supposed to be an active competitor of the Leyland Line for London business.

I do not think there would be any great difficulty in gathering together sufficient evidence to prove conclusively that the lines mentioned herein are operating under a rate and tonnage agreement.

Practically all of the information contained herein has already been given by us to the Attorney General.

Trusting that this information may be of some service to you, I am,

Yours, very truly,

J. McD. PRICE, *Secretary.*

MEMPHIS, TENN., December 20, 1911.

Mr. J. McD. PRICE,
Secretary N. L. E. A., Baltimore, Md.

DEAR SIR: Some time since we wrote you advising that during the past summer the South Atlantic Line turned over a number of our cars to the Leyland Line, apparently under an agreement arising out of the rate proposition.

This, at the time, struck us as being rather peculiar, as the South Atlantic Line had previously been very aggressive in putting in on the Leyland Line's business; it being a newcomer in the field, there was naturally no friendly feeling existing between the two lines.

We now beg to hand you herewith copy of the correspondence which passed at the time, so far as our shipments were concerned.

Yours, truly,

R. J. DARNELL (INC.),
Per P. J. WIGGS,
Secretary and Treasurer.

NEW ORLEANS, December 19, 1911.

R. J. DARNELL (INC.),
Memphis, Tenn.

DEAR SIRS: Beg to inclose copy of letter from the South Atlantic Steamship Line to the Leyland Line giving car numbers of 20 cars transferred to steamship *Cestrian*, with a copy of my letter of June 21, transmitting the same, all of which you have requested in your letter of December 16.

Yours, truly,

Jos. B. CABELL,
Forwarding Agent.

JUNE 21, 1911.

R. J. DARNELL (INC.),
Memphis, Tenn.

DEAR SIRS: Beg to attach copy of letter received from the South Atlantic Steamship Line addressed to the Leyland Line transferring 20 cars oak lumber to steamship *Cestrian* now in port and expected to sail June 28.

Yours, truly,

Jos. B. CABELL,
Forwarding Agent.

NEW ORLEANS, LA., June 20, 1911.

Mr. J. A. HICKEY,
Acting Manager Leyland Line, New Orleans, La.

DEAR SIR: Confirming our conversation on the matter of transferring to you 20 cars of hardwood lumber for your steamship *Cestrian*, I beg leave now to give you the following list of cars to be taken:

I. C. lot No. 3738, R. J. Darnell (Inc.): Cars I. C. 20847, 25368, 17186, 48404, 21330, 37175, 22360, 38420, 142026, 15024, 41304, 13217, 38185, 142839, 130555, 48795, 38887; car C. N. W. 74250; cars I. C. 36197, 22990.

All of these cars are at Stuyvesant docks, and we understand that you will definitely take them.

Yours, very truly,

SOUTH ATLANTIC STEAMSHIP LINE, *Agent.*

CY H. BALDWIN, J. B. CABELL, J. W. COUSINS.

I think there is no one else who cares to be heard on this proposition.

Mr. LENROOT. There was a Mr. Humphrey yesterday representing
"buckle Bros.

The CHAIRMAN. He filed a brief.

Mr. FOSTER. I move that the chairman of this committee be directed to invite the Attorney General, Mr. Wickersham, and the Secretary of Commerce and Labor, Mr. Nagel, to come here to-morrow.

Mr. WILSON. I would also like to hear Commissioners Lane and Prouty, of the Interstate Commerce Commission, on this subject.

The CHAIRMAN. We can hear them on another day.

The motion made by Mr. Foster was adopted.

Mr. WILSON. I move that we invite Commissioners Lane and Prouty to appear before this committee in reference to this subject.

The motion offered by Mr. Wilson was adopted.

Mr. STANLEY. I would also suggest that we request Mr. Untemyer to appear before the committee at his convenience.

Mr. LENROOT. I would suggest that a date might be fixed for him to appear and that you reserve your motion until that time.

Mr. FOSTER. I move that we adjourn until to-morrow morning at 10.30 o'clock, with the understanding that at that time we will take up the resolution with reference to the Harvester Trust.

The motion of Mr. Foster was carried, and thereupon, at 12.10 o'clock p. m., the committee adjourned to meet Wednesday, January 17, 1912, at 10.30 o'clock a. m.

EXHIBIT A.

[In the Circuit Court of the United States for the Southern District of New York. The United States of America, petitioner, v. Hamburg-Amerikanische Packetfahrt-Actien-Gesellschaft and others, defendants. In equity.]

To the honorable the judges of the Circuit Court of the United States of America for the Southern District of New York, sitting in equity:

Your petitioner, the United States of America, by Henry A. Wise, its attorney for the Southern District of New York, acting under direction of the Attorney General of the United States, brings this proceeding in equity against The Allan Line Steamship Co. (Ltd.), International Mercantile Marine Co. (American Line), International Navigation Co. (Ltd.) (American Line), The Anchor Line (Henderson Bros.) (Ltd.), Canadian Pacific Railway Co., The Cunard Steamship Co. (Ltd.), British & North Atlantic Steam Navigation Co. (Ltd.) (Dominion Line), Hamburg-Amerikanische Packetfahrt-Actien-Gesellschaft (Hamburg-American Line), Nederlandsh-Amerikaansche Stoomvaart Maatschappij (Holland-Amerika Lijn), Norddeutscher Lloyd (North German Lloyd Line), Société Anonyme de Navigation Belge Americaine (Red Star Line), Russian East Asiatic Steamship Co. (Ltd.) (Russian-American Line), Oceanic Steam Navigation Co. (Ltd.) (White Star Line), Bryce J. Allan, Phillip A. S. Franklin, John Lee, William Coverley, Charles P. Sumner, Emil L. Boas, Adrian Gips, Gustav H. Schwab, Herman C. von Post, Gustav H. Schwab, jr.; Alexander E. Johnson, and Max Strauss, and on information and belief alleges and shows:

I.

That the above-named defendants are engaged in foreign trade and commerce as common carriers of passengers and freight, and more particularly of third-class or steerage passengers, between ports and inland points in the United States and ports and inland points in Europe, Asia, and Africa, and, in respect thereto, are violating the provisions of the act of Congress passed July 2, 1890, entitled "An act to protect trade and commerce against unlawful restraints and monopolies," and the acts amendatory thereof and supplemental thereto, as will hereinafter more fully appear; and this proceeding is instituted to prevent and restrain the hereinafter particularly described agreement, contract, combination, and conspiracy in restraint of trade and commerce in the carriage of such steerage passengers between the United States and foreign countries, and the attempts to monopolize, and the contract, combination, and conspiracy to monopolize, and the existing monopoly of such trade and commerce as hereinafter described.

II. DESCRIPTION OF DEFENDANTS AND THE TRADE AND COMMERCE WHICH THEY CONDUCT.

1. At all the times herein mentioned defendant, the Allan Line Steamship Co. (Ltd.), hereinafter referred to as the "Allan Line," was and now is a corporation organized and existing under and by virtue of the laws of the Kingdom of Great Britain, and, as such, engaged in trade and commerce between the United States of America and foreign nations, to wit, operating regular lines of steamships from ports in England and Scotland, in the Kingdom of Great Britain, to wit, London, Liverpool, and Glasgow, to ports in the United States, to wit, Portland, Me.; Boston, Mass.; and Philadelphia, Pa.; and transporting between, and to, and from said ports upon its steamships freight and passengers for hire, and particularly that class of passengers ordinarily known and described in the steamship trade as third-class or steerage passengers; and at all such times the Allan Line has maintained agencies in diverse cities in Europe and in the United States at which it has sold contracts for the transportation of freight and passengers on and by its steamships to and from the United States and from and to Europe, and has maintained agents in charge of such agencies who have been and now are engaged in soliciting persons to travel to and from Europe upon its said steamships; and in the case of all such passengers transported to the United States from Europe, it has docked its steamships and landed said passengers at one or the other of said ports of Portland, Boston, and Philadelphia, and in the case of such passengers transported to Europe they have embarked at one or the other of said ports.

2. Defendant Bryce J. Allan is a resident of the State of Massachusetts, and is and for many years has been engaged in business under the firm name and style of H. & A. Allan, with an office and place of business at the city of Boston, in the State of Massachusetts; and at all such times has been and now is employed by and acting for the Allan Line in the capacity of general agent and manager of its business in the United States, and, as such general agent, has had and now has charge of the affairs in the United States of the Allan Line in connection with its business aforesaid, and represents himself and his said office, respectively, to be the person with whom and the place at which business may be transacted with the Allan Line.

3. At all the times herein mentioned defendant, International Mercantile Marine Co. was and now is a corporation organized and existing under and by virtue of the laws of the State of New Jersey, with an office and place of business in the city, county, State, and southern district of New York, where its principal business and affairs are transacted. It holds and votes a majority of the issued and outstanding capital stock, respectively, of the defendants, International Navigation Co. (Ltd.), British & North Atlantic Steam Navigation Co. (Ltd.), Société Anonyme de Navigation Belge Americaine, and Oceanic Steam Navigation Co. (Ltd.).

4. At all the times herein mentioned defendant, International Navigation Co. (Ltd.), was and now is a corporation organized and existing under and by virtue of the laws of the Kingdom of Great Britain, with an office and place of business in the city, county, State, and southern district of New York, where its principal business and affairs in the United States are transacted.

5. At all the times herein mentioned defendant, International Mercantile Marine Co., has owned certain steam vessels which it has been engaged in operating between the port of New York, in the State of New York, and the port of Philadelphia, in the State of Pennsylvania, and the ports of Southampton and Liverpool, in England; and at all such times defendant, International Navigation Co. (Ltd.), has owned certain steamships which it has been engaged in operating between said ports of New York and Philadelphia and said ports of Southampton and Liverpool; and at all such times such steamships so operated by said International Mercantile Marine Co. and said International Navigation Co. (Ltd.), between said ports, have been and are known as the American Line; and at all such times said companies have been engaged in transporting between and to, and from said ports, upon their said steamships, freight and passengers for hire, and particularly that class of passengers ordinarily known and described in the steamship trade as third-class or steerage passengers; and at all such times said companies have maintained agencies in diverse cities in Europe and in the United States, at which they have sold contracts for the transportation of freight and passengers on and by their steamships to and from the United States and from and to Europe, and have maintained agents in charge of such agencies, who have been and are engaged in soliciting persons to travel to and from Europe upon their steamships; and in the case of all such passengers transported to the United States from Europe, they have docked their steamships and landed said passengers at either the ports of New York or Philadelphia, and in the case of passengers transported by them to Europe, such passengers have embarked upon their steamships at one or the other of said ports.

6. Defendants Phillip A. S. Franklin and John Lee for some time have been and now are officers of said International Mercantile Marine Co. and said International Navigation Co. (Ltd.), to wit, vice presidents thereof; and have been and now are in charge of the office of each of said corporations in the city, county, State, and southern district of New York, and of their business and affairs.

7. At all the times herein mentioned defendant, the Anchor Line (Henderson Bros., (Ltd.), hereinafter referred to as the "Anchor Line" was and now is a corporation organized and existing under and by virtue of the laws of the Kingdom of Great Britain, and, as such, engaged in trade and commerce between the United States of America and foreign nations, to wit, operating regular lines of steamships from the port of Glasgow, in Scotland, to the port of New York, in the State and southern district of New York, and transporting between, and to, and from said ports, upon its steamships, freight and passengers for hire, and particularly that class of passengers ordinarily known and described in the steamship trade as third-class or steerage passengers; and at all such times the Anchor Line has maintained agencies in divers cities in Europe and in the United States, at which it has sold contracts for the transportation of freight and passengers on and by its steamships to and from the United States and from and to Europe, and has maintained agents in charge of such agencies who have been and now are engaged in soliciting persons to travel to and from Europe upon its said steamships; and in the case of such passengers transported to the United States from Europe, it has docked its steamships and landed said passengers at the port of New York, and in the case of such passengers transported to Europe, they have embarked upon its steamships at said port.

8. Defendant William Coverley is a resident of the Borough of Brooklyn, in the city and eastern district of New York, and is and for many years has been engaged in business in the southern district of New York, with an office and place of business at No. 17 Broadway, Borough of Manhattan, city and county of New York; and at all such times he has been and now is employed by and is acting for the Anchor Line, in the capacity of general agent and manager of its business in the United States, and, as such general agent, has had and now has charge of the affairs in the United States of the Anchor Line in connection with its business aforesaid, and represents himself and his said office, respectively, to be the person with whom and the place at which business may be transacted with the Anchor Line.

9. At all the times herein mentioned, defendant Canadian Pacific Railway Co. hereinafter referred to as the "Canadian Pacific Line," was and now is a corporation organized and existing under and by virtue of the laws of the Dominion of Canada, with an office and place of business and an agent in charge thereof in the city, county, State, and southern district of New York; and at all such times it has been engaged in operating regular lines of steamships from the port of Liverpool, in England, to the ports of Montreal, Quebec, and St. John, in the Dominion of Canada, and continuous, through lines of railway connecting with said steamship lines at the ports of Montreal, Quebec, and St. John, and operating thence through the Dominion of Canada into the United States to divers points within the divers States of the United States, and at all such times has been engaged in transporting, between said points in the United States and the said port of Liverpool, by way of said steamship and railway lines, freight and passengers for hire, and particularly that class of passengers ordinarily known and described in the steamship trade as third-class or steerage passengers; and at all such times it has maintained agencies in divers cities in Europe and in the United States at which it has sold contracts for the through transportation of freight and passengers on and by its said steamship and railway lines to and from points in the United States and from and to points in Europe; and it has maintained agents in charge of such agencies who have been and now are engaged in soliciting persons to travel to and from Europe upon said steamship and railway lines.

10. At all the times herein mentioned, defendant the Cunard Steamship Co. (Ltd.), hereinafter referred to as the "Cunard Line," was and now is a corporation organized and existing under and by virtue of the laws of the Kingdom of Great Britain, with an office and place of business and an agent in charge thereof in the city, county, State, and southern district of New York; and at all such times it has been and now is engaged in trade and commerce between the United States of America and foreign nations, to wit, operating regular lines of steamships from the ports of New York and Boston, in the United States, to the ports of Liverpool, in England, and Fiume and Trieste, in Austria, and transporting between, and to, and from said ports, upon its steamships, freight and passengers for hire, and particularly that class of passengers ordinarily known and described in the steamship trade as third-class or steerage passengers; and at all such times the Cunard Line has maintained agencies in divers cities in Europe and in the United States, at which it has sold contracts for the transportation of freight and passengers on and by its steamships to and from the United States and

from and to Europe, and has maintained agents in charge of said agencies who have been and now are engaged in soliciting persons to travel to and from Europe, upon its said steamships; and in the case of all such passengers transported to the United States from the said European ports, it has docked its steamships and landed such passengers at either the port of Boston or New York, and in the case of such passengers transported by it to Europe they have embarked upon its said steamships at one or the other of said ports.

11. Defendant Charles P. Sumner is a resident of the city, county, State, and southern district of New York, and is and for many years has been engaged in business as the general agent in the United States of the Cunard Line, with an office and place of business at No. 21 State Street, in the Borough of Manhattan, city and southern district of New York, and is employed by and is acting for the Cunard Line in the capacity of such general agent and has charge of the affairs in the United States of the Cunard Line in connection with its business aforesaid, and represents himself and his said office, respectively, to be the person with whom and the place at which business may be transacted with the Cunard Line.

12. At all times herein mentioned, defendant British & North Atlantic Steam Navigation Co. (Ltd.), hereinafter referred to as the "Dominion Line," was and now is a corporation organized and existing under and by virtue of the laws of the Kingdom of Great Britain, with an office and place of business and an agent in charge thereof in the city, county, State, and southern district of New York; and at all such times it has been and now is engaged in trade and commerce between the United States of America and foreign nations, to wit, operating regular lines of steamships from Portland, in the State of Maine, to Liverpool, in England, and transporting between and to and from said ports, upon its steamships, freight and passengers for hire, and particularly that class of passengers ordinarily known and described in the steamship trade as third-class or steerage passengers; and at all such times the Dominion Line has maintained agencies in divers cities in Europe and in the United States, and particularly at the city of New York, in the southern district of New York, at which it has sold contracts for the transportation of freight and passengers on and by its said steamships to and from the United States and from and to Europe, and has maintained agents in charge of such agencies who have been and now are engaged in soliciting persons to travel to and from Europe upon its said steamships; and in the case of all such passengers transported to the United States from Europe it has docked its steamships and landed such passengers at the port of Portland, Me.; and in the case of such passengers transported to Europe they have embarked upon its steamships at said port.

13. At all the times herein mentioned, defendant Hamburg-Amerikanische Packet-fahrt-Aktien-Gesellschaft, hereinafter referred to as the "Hamburg-American Line," was and now is a corporation organized and existing under and by virtue of the laws of the city of Hamburg, in the Empire of Germany, with an office and place of business and an agent in charge thereof in the city, county, State, and southern district of New York; and at all such times it has been and now is engaged in trade and commerce between the United States of America and foreign nations, to wit, operating regular lines of steamships between the port of New York, in the United States, and the port of Hamburg, in Germany, and transporting between and to and from said ports, upon its steamships, freight and passengers for hire, and particularly that class of passengers ordinarily known and described in the steamship trade as third-class or steerage passengers; and at all such times it has maintained agencies in divers cities in Europe and in the United States at which it has sold contracts for the transportation of freight and passengers on and by its steamships to and from the United States and from and to Europe, and has maintained agents in charge of said agencies who have been and now are engaged in soliciting persons to travel to and from Europe upon its said steamships; and in the case of all such passengers transported to the United States from the said European ports, it has docked its steamships and landed such passengers at the port of New York, and in the case of such passengers transported to Europe, they have embarked upon its steamships at said port.

14. Defendant, Emil L. Boas, is a resident of the city, county, State, and southern district of New York, and is and for many years has been engaged in business as resident director and general manager in the United States of the Hamburg-American Line, with an office and place of business at No. 45 Broadway, in the Borough of Manhattan, city, county, State, and southern district of New York; and at all such times he has been and now is employed and acting as such resident director and general manager in the United States of the business of the Hamburg-American Line, and has charge of its affairs in the United States in connection with its business aforesaid, and represents himself and his said office, respectively, to be the person with whom and the place at which business may be transacted with the Hamburg-American Line.

15. At all the times herein mentioned, defendant Nederlandsh-Amerikaansche Stoomvaart Maatschappij (Holland-Amerika Lijn), hereinafter referred to as the "Hol-

land-American Line," was and now is a corporation organized and existing under and by virtue of the laws of the Kingdom of the Netherlands, with an office and place of business and an agent in charge thereof in the city, county, State, and southern district of New York; and at all such times it has been and now is engaged in trade and commerce between the United States of America and foreign nations, to wit, operating regular lines of steamships from the port of New York, in the State of New York, to the port of Rotterdam, in Holland, and transporting between, and to, and from said ports, upon its steamships, freight and passengers for hire, and particularly that class of passengers ordinarily known and described in the steamship trade as third-class or steerage passengers; and at all such times the Holland-America Line has maintained agencies in divers cities in Europe and in the United States, at which it has sold contracts for the transportation of freight and passengers on and by its steamships to and from the United States and from and to Europe, and has maintained agents in charge of said agencies who have been and now are engaged in soliciting persons to travel to and from Europe, upon its said steamships; and in the case of all such passengers transported to the United States from the said European ports, it has docked its steamships and landed such passengers at the port of New York, and in the case of such passengers transported by it to Europe they have embarked upon its said steamships at said port.

16. Defendant Adrian Gips is a resident of the county, State, and southern district of New York, and is and for many years has been engaged in business in the southern district of New York as the general agent of the Holland-America Line, with an office and place of business at No. 39 Broadway, in the Borough of Manhattan, city, county, State, and southern district of New York; and at all such times he has been and now is employed and acting as such general agent in the United States of the business of the Holland-America Line, and has charge of its affairs in the United States in connection with its business aforesaid, and represents himself and his said office, respectively, to be the person with whom and the place at which business may be transacted with the Holland-America Line.

17. At all the times herein mentioned defendant Norddeutscher Lloyd, hereinafter referred to as the "North German Lloyd Line," was and now is a corporation organized and existing under and by virtue of the laws of the city of Bremen, in the Empire of Germany, with an office and place of business and an agent in charge thereof in the city, county, State, and southern district of New York; and at all such times it has been and now is engaged in trade and commerce between the United States of America and foreign nations, to wit, operating regular lines of steamships from the ports of Baltimore, in the State of Maryland, and New York, in the State of New York, to the port of Bremen, in Germany, and transporting between, and to, and from said ports, upon its steamships, freight and passengers for hire, and particularly that class of passengers ordinarily known and described in the steamship trade as third-class or steerage passengers; and at all such times it has maintained agencies in divers cities in Europe and in the United States at which it has sold contracts for the transportation of freight and passengers on and by its steamships, to and from the United States and from and to Europe, and has maintained agents in charge of said agencies, who have been and now are engaged in soliciting persons to travel to and from Europe upon its said steamships; and in the case of all such passengers transported to the United States from the said European port it has docked its steamships and landed such passengers at either the port of New York or Baltimore, and in the case of such passengers transported to Europe they have embarked upon its steamships at one or the other of said ports.

18. Defendants Gustav H. Schwab, Herman C. Von Post, and Gustav H. Schwab, jr., are residents of the city, county, State, and southern district of New York, and are partners doing business under the firm name and style of Oelrichs & Co., with an office and place of business at No. 5 Broadway, New York City. They are and for many years have been general agents in the United States of the North German Lloyd Line, and in general charge of its affairs within the United States, and hold themselves and their office out to the public as the persons with whom and the place at which business may be transacted with the North German Lloyd Line.

19. At all the times herein mentioned defendant, Société Anonyme de Navigation Belge Americaine, hereinafter referred to as the "Red Star Line," was and now is a corporation organized and existing under and by virtue of the laws of the Kingdom of Belgium, with an office and principal place of business and an agent in charge thereof in the city, county, State, and southern district of New York; and at all such times has been and now is engaged in trade and commerce between the United States of America and foreign nations, to wit, operating regular lines of steamships from the ports of New York and Philadelphia, in the United States, to the port of Antwerp, in Belgium, and transporting between, and to, and from said ports, upon its steamships,

freight and passengers for hire, and particularly that class of passengers ordinarily known and described in the steamship trade as third-class or steerage passengers; and at all such times it has maintained agencies in divers cities in Europe and in the United States at which it has sold contracts for the transportation of freight and passengers on and by its steamships to and from the United States and from and to Europe, and has maintained agents in charge of said agencies, who have been and now are engaged in soliciting persons to travel to and from Europe upon its said steamships; and in the case of all such passengers transported to the United States from the said European port, it has docked its steamships and landed such passengers at either of the ports of New York or Philadelphia, and in the case of such passengers transported to Europe, they have embarked upon its steamships at said ports.

Defendant International Mercantile Marine Co. is the general agent in the United States of the Red Star Line, and the Red Star Line holds out the office of the International Mercantile Marine Co. in the city, county, State, and southern district of New York as the place at which it transacts business.

20. At all the times herein mentioned, defendant Russian East Asiatic Steamship Co. (Ltd.), hereinafter referred to as the "Russian-American Line," was and now is a corporation organized and existing under and by virtue of the laws of the Empire of Russia, with an office and place of business and an agent in charge thereof in the city, county, State, and southern district of New York; and at all such times it has been and now is engaged in trade and commerce between the United States of America and foreign nations, to wit, operating regular lines of steamships from the port of New York, in the United States, to the port of Libau, in Russia, and transporting between, and to, and from said ports, upon its steamships, freight and passengers for hire, and particularly that class of passengers ordinarily known and described in the steamship trade as third-class or steerage passengers; and at all such times it has maintained agencies in divers cities in Europe and in the United States at which it has sold contracts for the transportation of freight and passengers on and by its steamships to and from the United States and from and to Europe, and has maintained agents in charge of said agencies who have been and now are engaged in soliciting persons to travel to and from Europe, upon its said steamships; and in the case of all such passengers transported to the United States from the said European port, it has docked its steamships and landed such passengers at the said port of New York, and in the case of such passengers transported to Europe, they have embarked upon its steamships at said port.

21. Defendants, Alexander E. Johnson and Max Strauss, are residents of the city, county, State, and southern district of New York, and are copartners trading and doing business under the firm name and style of A. E. Johnson & Co., with an office and place of business at No. 1 Broadway, borough of Manhattan, city and southern district of New York. They are and for some time past have been the general agents in the United States of the Russian-American Line, and in general charge of its affairs and business with the United States, and held themselves and their office out to the public as the persons with whom and the place at which business may be transacted with the Russian-American Line.

22. At all the times herein mentioned, defendant Oceanic Steam Navigation Co. (Ltd.), hereinafter referred to as the "White Star Line," was and now is a corporation organized and existing under and by virtue of the laws of the Kingdom of Great Britain, with an office and place of business and an agent in charge thereof in the city, county, State and southern district of New York; and at all such times it has been and now is engaged in trade and commerce between the United States of America and foreign nations, to wit, operating lines of steamships from the ports of New York and Boston, in the United States, to the ports of Liverpool and Southampton, in England, and transporting between, and to, and from said ports, upon its steamships, freight and passengers for hire, and particularly that class of passengers ordinarily known and described in the steamship trade as third-class or steerage passengers; and at all such times it has maintained agencies in divers cities in Europe and in the United States at which it has sold contracts for the transportation of freight and passengers on and by its steamships to and from the United States and from and to Europe, and has maintained agents in charge of said agencies who have been and now are engaged in soliciting persons to travel to and from Europe, upon its said steamships; and in the case of all such passengers transported to the United States from the said European ports, it has docked its steamships and landed such passenger at either the port of New York or Boston, and in the case of such passengers transported to Europe, they have embarked upon its steamships at one or the other said ports.

Defendant International Mercantile Marine Co. is the general agent in the United States of the Red Star Line, and the Red Star Line holds out the office of the International Mercantile Marine Co., in the city, county and southern district of New York, as the place at which it transacts business.

23. The corporations hereinbefore described will hereinafter be referred to collectively as "defendant steamship lines."

24. The defendant steamship lines, by virtue of their separate corporate organization and the ports between which their lines of steamships are run, as hereinbefore set forth, are and should be natural competitors in the business of furnishing facilities for the aforesaid steerage passenger traffic and but for the existence of the unlawful combination, contract and conspiracy, hereinafter more fully described, and the enforcement and fulfillment of the terms and purposes thereof, said defendant steamship lines, and each of them, would be actively competing with all of the others in the said business.

III. DESCRIPTION OF THE TRADE AND COMMERCE WHICH THE DEFENDANTS ARE MONOPOLIZING AND ATTEMPTING AND CONSPIRING TO MONOPOLIZE.

The public lands of the United States have been, since the day the Government was formed, the one possession more coveted than any other in the world by the peasant and artisan of Europe seeking a proprietorship and personal importance here which they could not hope for in their native countries. The resulting annual influx of population from all parts of Europe to the United States has steadily increased until the traffic back and forth is very large and very lucrative. The return travel results from the desire of immigrants to return to their European homes, either to bring over members of their families to this country or merely to revisit them. With the increase of this traffic, the steamship companies have extended their facilities for handling it until the income from the third-class or steerage rates between Europe and North America is one of the most important parts of their revenue.

The average number of immigrants coming to this country annually from Europe, at third-class or steerage rates, for the five years last past has been 1,200,000, and the average of emigrants returning annually to Europe during the same period has been, approximately, 500,000. The resultant revenue to the steamship companies handling this traffic has been, approximately, \$55,000,000 per annum, and during this period an increasingly large amount has been expended in the United States by immigrants in the purchase of tickets for relatives in Europe to enable them to come to America.

IV. THE COMBINATION AND CONSPIRACY IN WHICH DEFENDANTS ARE ENGAGED.

The defendants for some time past have been and now are engaged in the United States, and particularly in the southern district of New York, in an unlawful combination and conspiracy to restrain a part of the trade and commerce of the United States with foreign nations, and to monopolize the same—that is to say, they are and for some time have been engaged (in the said southern district of New York) in a combination and conspiracy to destroy all competition among and between themselves in the business of transporting third-class or steerage passengers, by steamships, between ports in the United States of America and ports in Europe, and in and by eliminating, suppressing, and destroying all competition in such traffic by any and all persons and corporations other than themselves, the objects of which said combination and conspiracy they are seeking and have sought to accomplish in the manner and by the means hereinafter set forth.

V. THE MANNER AND MEANS OF ACCOMPLISHING THE UNLAWFUL COMBINATION AND CONSPIRACY.

A. TERMS OF AGREEMENT UPON FORMATION OF THE UNLAWFUL COMBINATION AND CONSPIRACY, AND THE AMENDMENTS THERETO.

1. February 5, 1908, at the city of London, in England, defendant the Allan Line—the Anchor Line, the Cunard Line, the Hamburg-American Line, the Holland, America Line, North German Lloyd, the Red Star Line, International Mercantile Marine Co., White Star Line, the International Navigation Co. (Ltd.), the Dominion Line, and the Canadian Pacific Line entered into said unlawful combination and conspiracy in and by the execution of an unlawful contract, a copy of which is hereto annexed and marked "Exhibit A," and prayed to be considered as a part hereof, as if here set forth in full, wherein and whereby each of them became a member of a voluntary association under the name and style of the "Atlantic Conference," which said association was to maintain an office with a person in charge thereof who should be and is designated and described as "secretary."

2. Under the terms of this contract these lines agreed to divide and share in the entire steerage traffic forwarded by all of them between all European ports and the United States and Canada, with the exception of traffic consisting of Italian and Oriental (i. e., passengers to and from Greece, Africa, and Asia) steerage passengers, forwarded by direct steamers through the Straits of Gibraltar, according to the following percentages:

West bound:	Per cent.
Allan Line.....	0.62
Anchor Line.....	3.40
Cunard Line.....	13.75
Hamburg-American Line.....	19.61
Holland-America Line.....	6.63
North German Lloyd.....	26.53
Red Star Line.....	9.71
International Mercantile Marine Co.—	
White Star Line.....	8.60
American Line.....	6.68
Dominion Line.....	4.47
Total.....	<u>100.00</u>
East bound:	
Allan Line.....	4.95
Anchor Line.....	3.93
Cunard Line.....	12.77
Fiume Trieste Service.....	2.35
Hamburg-American Line.....	12.35
Holland-America Line.....	6.10
North German Lloyd.....	18.79
Red Star Line.....	8.56
International Mercantile Marine Co.—	
White Star Line.....	15.49
American Line.....	8.72
Dominion Line.....	1.50
Canadian Pacific Line.....	4.49

3. By the terms of this contract they further agreed that each of them which in any year should carry steerage passengers in excess of the aforesaid agreed percentage should pay a compensation price of £4 for each excess steerage passenger so carried by it, and that the total of the compensation money so paid should be divided among the lines, parties to the agreement, which had failed to carry their agreed percentage of such steerage passengers in proportion to the number of steerage passengers which each such line should be short; that a provisional settlement of such compensation money should be made between the lines each month and a final settlement at the end of each year on the basis of periodic accounts kept and rendered to the lines by the secretary of the association.

4. By the terms of this contract it was further agreed that a majority of the lines entitled thereunder to at least 75 per cent of the total agreed shares in said steerage traffic should have the right from time to time to raise or lower the above-described compensation price of £4, the expressed intention of the contracting parties being that such compensation price should be raised as the average steerage rate was raised, and should be lowered if the average steerage rate should be lowered, so that such compensation price would, at all times, be sufficient to deter each and any of the contracting parties from attempting to carry more than its agreed percentage of such steerage traffic, and at the same time it should not be sufficiently high to offer an inducement to any of them to refrain from carrying its agreed share.

5. By the terms of this contract it was further agreed that whenever said monthly accounts showed that any of the lines had exceeded or remained below its agreed percentage of said traffic, such line should at once either raise or lower its steerage rate so that the number of steerage passengers carried by it should again amount to its agreed percentage of the total steerage traffic covered by the contract, and that in the event that, in the opinion of a majority of the lines, parties to the agreement, controlling thereunder at least 75 per cent of said steerage traffic, if the measures so adopted were not sufficiently drastic to accomplish said intended result, such majority should have the right to direct such line to take more drastic measures to bring the number of steerage passengers carried by it into accordance with its agreed percentage; and it was further agreed to be the sense of the contracting parties that such adjustment

should be secured whenever practicable by raising the steerage rates of one or several of said defendant steamship lines rather than by lowering such rates by any of them.

6. By the terms of this contract each of said lines further agreed to and each of them thereafter did deposit with the secretary of the association, as a guaranty of the performance of the provisions of the contract, a negotiable promissory note in the sum of £1,000 for each 1 per cent of its agreed proportion in the traffic covered by the contract, and by said contract each line agreed that the entire sum so deposited by it should be forfeited upon its unauthorized withdrawal from the association before its termination or upon its refusal to pay compensation money or its failure to replenish its deposit in case it should become impaired by payment of penalties, as hereinafter described, or its starting or assisting any new line in competition with all or any of the contracting lines in such traffic.

7. By the terms of this contract it was further agreed that all disputes arising thereunder between any of the parties thereto should be settled by an arbitrator or arbitrators; that such arbitrator or arbitrators should have power to impose upon any of the lines for violation of any of the provisions of this contract penalties in amounts not less than £250 for each such violation and not less than £2,500 for each willful or intentional violation; and that in case the amount of such penalty should not be paid within eight days after its imposition, the above-described deposit of the line against which such penalty was imposed should be drawn upon for the amount of such penalty.

8. By the terms of this contract it was further agreed that new lines might thereafter be admitted to the contract and association and the terms of the contract altered from time to time by the unanimous vote of all the parties thereto.

9. By the terms of this contract the lines further agreed that for the discussion of questions arising under the terms of the contract, for the discussion of proposed amendments thereto and of the proposed admission of other lines to the terms thereof, meetings of the contracting parties should be held from time to time at various places in Europe.

B. DEFENDANT THE RUSSIAN-AMERICAN LINE BECOMES A PARTY TO THE ILLEGAL CONTRACT.

Pursuant to the provisions of the aforesaid unlawful contract and in furtherance of the aforesaid unlawful combination and conspiracy, on or about September 1, 1909, at a meeting held by all the other defendant steamship lines at the city of Cologne, Germany, defendant, the Russian-American Line, was duly admitted to membership in the Atlantic Conference and to all the provisions of said contract. Petitioner is unable to state what percentage of the said steerage traffic it was thereupon agreed that the said Russian-American Line should be entitled to, but your petitioner is informed and believes that the shares of all the lines, parties to said contract, were in some respects altered so as to provide a percentage of such traffic for the Russian-American Line.

By the terms of said unlawful contract of February 5, 1908, and the amendment thereto whereby the Russian-American Line was admitted to the Atlantic Conference and to the terms and provisions of said contract, the provisions thereof are extended to remain effective and binding upon the contracting parties up to and including February 28, 1911; and thereafter, to remain effective and binding upon said parties from year to year unless notice of intention to withdraw from the terms thereof at the end of any year shall be given by one or more of the parties thereto on or before the 1st day of December of the year in which such notice is given.

C. ACTS PURSUANT TO THE UNLAWFUL AGREEMENT, AND TO EFFECT THE PURPOSE OF THE UNLAWFUL COMBINATION AND CONSPIRACY.

1
1. Ever since the adoption of the aforesaid unlawful contract the business of all and every of said defendant steamship lines, in so far as it consists in the carriage of the steerage traffic referred to therein, has been and at the date of filing this petition is carried on by each and every of them in all respects in accordance with the terms and provisions thereof and in accordance with the terms and provisions of resolutions adopted by said contracting parties at meetings held in pursuance thereof, and all free and natural competition between said lines in the establishment of rates and the furnishing of facilities for such steerage traffic, has been and is thereby wholly eliminated.

2. The successful accomplishment of the objects of said unlawful agreement, and said unlawful combination and conspiracy thereby entered into, necessarily involved the execution of the terms, scope, and intent of said agreement throughout the United States, and more particularly in the southern district of New York. And ever since February 5, 1908, for the effective accomplishment of the objects aforesaid, each of

the individual defendants herein has been and is designated and established by his respective line at his respective office in the United States, as agent for such line, to carry out and make effective the terms, objects, and intent of said unlawful agreement, combination, and conspiracy in the United States. And said individual defendants, at their respective offices and agencies throughout the United States, and more particularly in the southern district of New York, at all times herein mentioned, down to the time of the filing of this petition, have almost daily carried out and executed acts necessary for the successful accomplishment of said unlawful combination and conspiracy.

3. And at all such times all of said individual defendants, at the southern district of New York, have received orders and instructions from their respective principals, in respect to the accomplishment of the objects and purposes of said unlawful combination and conspiracy, and each and all of them have within said southern district of New York complied with and carried out such instructions.

AGREEMENT TO DESTROY COMPETITION OF INDEPENDENT LINES.

In and for the execution of said unlawful combination and conspiracy and in furtherance thereof, all of the defendant steamship lines, at a meeting held March 25, 1908, agreed that they should act together to eliminate and destroy the competition of any and all persons and corporations that might then or thereafter operate lines of steamships and carry steerage passengers between Europe and the United States in competition with all or any of defendant steamship lines in the traffic covered by the terms of the aforesaid unlawful agreement.

ARRANGEMENT TO USE SO-CALLED "FIGHTING STEAMERS" TO DESTROY COMPETITION.

In and for the execution of the aforesaid resolution and for the purpose of effecting the objects of said unlawful combination and conspiracy, said defendant steamship lines at said meeting appointed three of their representatives at New York City to act as a committee for and on behalf of all of them at the city of New York, for the selection from among the steamships belonging to said defendants of so-called "fighting steamers" to sail east bound from the port of New York to European ports whenever steamships operated by competing lines should be scheduled to sail, and said committee was authorized, empowered, and directed to fix and change, from time to time on short notice, the advertised rates at which third-class or steerage passengers should and would be carried on such "fighting steamers," which was to be done in order effectually to meet and undercut any rate and any decrease in rate adopted by such competitor or competitors. And said committee was further authorized, empowered, and directed to select from among the steamships belonging to the defendant steamship lines and scheduled to sail on or about the same date or dates as such "fighting steamers" to carry the persons who might be booked for passage as steerage passengers on such "fighting steamers" in excess of their carrying capacity; and it was provided that such excess passengers should be carried by such steamships so selected at the advertised steerage rate of such "fighting steamers." It was further agreed by the defendant steamship lines under the terms of said resolution that the line or lines carrying such excess steerage passengers at such reduced rates should be compensated by the other defendant steamship lines by payments, amounting for each passenger so carried to the difference between the regular advertised steerage rate of such line and such reduced rate.

COMPETITORS ARE CRUSHED.

Upon the adoption of said resolution the above described method of competition was at once employed by the defendant steamship lines, then parties to said unlawful contract combination and conspiracy, to meet and suppress competition in said steerage traffic by a line of steamships then operating and carrying third-class or steerage passengers between the port of New York and the port of Libau in Russia, under the name and style of the Russian Volunteer Fleet and by defendant, the Russian-American Line, which was not at that time a party to said unlawful contract, combination, and conspiracy.

THE RUSSIAN VOLUNTEER FLEET IS DRIVEN OUT OF BUSINESS.

From the month of March until the month of June, 1908, said Russian Volunteer Fleet frequently advertised its steamships to sail from the port of New York to the port of Libau in Russia, and advertised for and solicited persons to sail as third-class or steerage passengers upon such ships, which ships were thoroughly equipped for handling such traffic; and as regularly as such ships were so advertised to sail the afore-

said committee of three representatives, in the city of New York, of defendant steamship lines, selected a so-called "fighting steamer" and advertised the same to sail from the port of New York to said port of Libau on or about the day that the ship of the Russian Volunteer Fleet was so advertised to sail, and advertised the rate for steerage or third-class passengers at a sum less than that advertised by the Russian Volunteer Fleet, and such rate was in each instance so low that said Russian Volunteer Fleet could not profitably compete therewith.

Owing to such unfair and unlawful competition said Russian Volunteer Fleet incurred serious financial loss in the conduct of its third-class or steerage traffic, and in the month of July, 1908, to the great detriment and loss to the public and to persons desiring to procure third-class or steerage transportation between New York and Russia, said Russian Volunteer Fleet withdrew its steamships from said service between the ports of New York and Libau and has ever since ceased to operate said line.

THE RUSSIAN-AMERICAN LINE IS DRIVEN OUT OF COMPETITION AND FORCED INTO THE UNLAWFUL COMBINATION AND CONSPIRACY.

From the month of March until the month of September, 1908, defendant the Russian-American Line was independently engaged in operating its line of steamships from the port of New York to the port of Libau in Russia and in carrying thereon third-class or steerage passengers in competition with all of the other defendant steamship lines, and frequently during said period it advertised its steamships to sail from said port of New York and advertised for and solicited persons to travel upon its ships as third-class or steerage passengers, and in each such instance the aforesaid committee of three selected a so-called "fighting steamer" and advertised the same to sail at or about the same time as the ships of the Russian-American Line, and advertised the third-class or steerage rates thereon at far less than the rate therefor upon the steamer of the Russian-American Line, and such rate was so low that the Russian-American Line could not profitably compete therewith.

Owing to this unfair and unlawful competition the Russian-American Line incurred serious financial loss in the conduct of its third-class or steerage traffic, and in order to be permitted to continue in said business it unlawfully and wrongfully sought admission to the aforesaid unlawful combination and conspiracy and in or about the month of September, 1908, signed and became a party to the aforesaid unlawful contract of February 5, 1908, and was accorded by the other defendant steamship lines a certain percentage of said steerage traffic, which it has ever since been permitted to handle and transport upon its steamships without further interference or molestation, and ever since it has been conducting its said business, trade, and commerce in concert and harmony and free from competition with said other defendant steamship lines, and under and pursuant to and in accordance with the aforesaid unlawful contract, combination, and conspiracy, to the great loss and detriment of the people of the United States.

UNFAIR COMPETITION AGAINST THE URANIUM STEAMSHIP COMPANY.

About April 1, 1909, the Uranium Steamship Co. (Ltd.), a corporation organized and existing under and by virtue of the laws of the Kingdom of Great Britain, began to operate and has ever since operated a regular line of steamships under the name and style of the North West Transport Line, between the ports of New York and Rotterdam, and began to carry and has ever since carried third-class or steerage passengers thereby between the said ports; and at all such times it has operated its said steamships in an endeavor to compete with the defendant steamship lines in the carriage of third-class or steerage passengers, and has endeavored to obtain a share in such traffic without being a party to the aforesaid unlawful contract of February 5, 1908, and to the aforesaid unlawful combination and conspiracy among the defendant steamship lines.

In and for the further execution of the aforesaid unlawful combination and conspiracy, and pursuant to resolution of March 25, 1908, hereinbefore mentioned, the defendant steamship lines on or about the 1st day of April, 1909, authorized and directed the aforesaid committee of three, in New York City, to select "fighting steamers" to carry third-class or steerage passengers at cut rates against the steamships of said North West Transport Line on behalf of all the defendant steamship lines.

In the month of March, 1910 (after the Government instituted an inquiry into the affairs and conduct of the defendant steamship lines), the aforesaid committee of three in New York it is said was disbanded, but the above-described unlawful methods adopted by the defendant steamship lines to eliminate competition with them in the carriage of steerage passengers by said North West Transport Line, are continued and

now are in force, except that since March, 1910, the said "fighting steamers" are selected and their rates for steerage transportation altered from time to time by the defendant steamship lines in Europe, and notices of such action are now sent by them to the individual defendants representing them in this country, and such cut rates for such "fighting steamers" are and since March, 1910, have been put in force by notices sent out by the individual defendants to the agents throughout the United States for the sale of tickets for third-class steerage transportation on such lines.

Owing to the above-described illegal and oppressive measures adopted in concert by the defendant steamship lines for the purpose of excluding said North West Transport Line from a participation in said traffic and effectuating the restraint and monopoly of the said traffic pursuant to the aforesaid unlawful combination and conspiracy, said North West Transport Line has at all times since the institution of its said service been prevented from obtaining a fair and reasonable share of said traffic and has been forced to carry such of it as it has secured at a financial loss.

Further, in pursuance of the aforesaid unlawful combination and conspiracy, and to prevent other persons and corporations from engaging in the traffic covered thereby, the defendant steamship lines have agreed that no one of them shall continue in its employ as agent for the sale of tickets over its line any person who shall act as agent for the sale of third-class or steerage tickets over any independent line in competition with said defendants' lines. This agreement is now in force, and the measures provided for thereunder are to-day employed by the individual defendants within the United States, and particularly in the southern district of New York, for and on behalf of the defendant steamship lines, and particularly as a part of the above-described illegal and oppressive attack upon the said North West Transport Line.

EXCESSIVE AND ARBITRARY RATES ARE CHARGED BY DEFENDANTS FOR STEERAGE TRANSPORTATION.

At all times since the formation of the aforesaid unlawful combination and conspiracy (and since the adoption of the aforesaid unlawful contract) and the institution of the practices hereinbefore referred to as adopted in pursuance thereof, each and all of the defendant steamship lines, in pursuance of said combination, conspiracy, and contract, have arbitrarily fixed their rates for steerage transportation so as to bring about the arbitrary division of traffic hereinbefore referred to and at the same time to maintain rates at that artificial level at which said traffic so monopolized may be made to yield the highest net return to them, and by such action in fixing said rates they have deprived and are depriving the public of the benefit of the normal division of traffic between persons and corporations engaged in such traffic according to the needs and convenience of the public that would naturally have resulted from free competition among persons and corporations engaged in such traffic and of the benefit of the lower scale of rates for such traffic that would normally have resulted from free competition among such persons and corporations and of the benefit of superior facilities that would normally have been provided as a result of said competition.

PENAL ENFORCEMENT OF THE TERMS OF THE UNLAWFUL CONTRACT.

Ever since the formation of the aforesaid unlawful combination and conspiracy (and the adoption of the aforesaid unlawful contract) each and all of the defendant steamship lines has been constrained to conduct its steerage business in all respects in compliance with the terms and provisions of said contract under duress of loss of membership in said conspiracy for failure to observe and carry out the provisions of said contract and of the consequent forfeiture of the money deposit made by it under said contract and of the exposure of such line to the combined attack upon it by all the other defendant steamship lines by the practices hereinbefore described.

VI. MONOPOLY RESULTING FROM CONSPIRACY.

By the aforesaid unlawful contract and the unlawful practices hereinbefore described as instituted by the defendant steamship lines to effect the objects of the aforesaid unlawful combination and conspiracy, the defendant steamship lines have obtained and attempted to obtain a virtual monopoly of that part of the traffic of transporting steerage passengers in trade and commerce between the United States and foreign nations that was included within the scope and objects of said conspiracy, and at the date of filing this petition upward of 90 per cent of the total third-class or steerage passenger traffic between Europe and North America is car-

ried in ships belonging to the defendant steamship lines and upward of 75 per cent of such total steerage passenger traffic is regulated, limited, and restrained by means of the aforesaid unlawful contract of February 5, 1908.

VII. PRAYER.

In consideration whereof, and inasmuch as petitioner can only have adequate relief in the premises in this honorable court, where matters of this nature are properly cognizable and relievable, your petitioner prays:

1. That the aforesaid unlawful combination and conspiracy and the aforesaid contract entered into and continued by the defendants as set forth herein be declared illegal and in violation of the act of Congress passed July 2, 1890, entitled "An act to protect trade and commerce against unlawful restraints and monopolies," and the acts supplemental thereto and amendatory thereof, and that an injunction issue restraining and prohibiting the defendants and each, every, and all of them and their officers, servants, employees, attorneys, and agents from doing any act in pursuance or in furtherance thereof by the means herein described, or by any other means, and be required to desist and withdraw from all connection with the same, and that they and each of them be required and compelled to cancel and abate said unlawful contract.
2. That each, every, and all of said defendant steamship lines be enjoined, restrained, and forbidden either to enter or clear any of their ships or vessels at the port of New York or at any other port of entry within the United States of America or any of its possessions so long as it shall continue to operate pursuant to or cooperate with any of the other defendants under the aforesaid unlawful combination and conspiracy, or under or pursuant to any such or similar combination and conspiracy.
3. That the defendants and all and each of them, their officers, servants, employees, attorneys, and agents be enjoined and prohibited from further agreeing, combining, conspiring, and acting together to establish and maintain rules, regulations, and rates for carrying steerage passengers upon the several steamships operated by the defendant steamship lines or any of them, between ports in the United States and European ports, in restraint of the trade and commerce of the United States with foreign nations, and from entering into or continuing in, or doing anything in aid of any combination, association, contract, or conspiracy to deprive the people traveling between points in the United States and European ports of such facilities and rates for steerage transportation as will be afforded by free and unrestrained competition among said defendant steamship lines, or any of them.
4. That the defendants and all and each of them, their officers, servants, employees, attorneys, and agents, be enjoined and prohibited from further agreeing, combining, conspiring or acting together to injure or destroy the business of any person or corporation engaged in or who may at any time hereafter be engaged in the business of carrying steerage passengers between points in the United States and European ports, and from further agreeing, combining, conspiring, or acting together to monopolize the said steerage traffic in the trade and commerce between the United States and foreign nations or any part thereof.
5. That the defendants and each of them, their officers, agents, attorneys, servants, and employees be enjoined and prohibited from entering into, or taking part in, or performing any contract, combination, or conspiracy, the object, purpose, or effect of which will be a restraint of, or a monopolization or attempt to monopolize trade and commerce in the transportation of steerage passengers between the United States and foreign nations, in violation of the provisions of the act of Congress approved July 2, 1890, entitled "An act to protect trade and commerce against unlawful restraint and monopolies" and the acts amendatory thereof or supplemental thereto, either by agreeing or contracting together or with one another expressly or impliedly, directly or indirectly, as to the prices at which the said service of transportation of steerage passengers shall be rendered or as to a division of said traffic, or by agreeing or contracting together, or with one another, with a view to the imposition of any burden or limitation upon the service of transporting steerage passengers, or by contracting or agreeing together, or with one another, expressly or impliedly, directly or indirectly, to contribute to any pool or general fund, any part of the proceeds of such transportation, or to maintain any such pool or general fund made from such contributions.
6. That upon the filing of this petition, an injunction or restraining order be granted, restraining the defendants and each of them in the manner expressly set forth in paragraphs 1 to 5, inclusive, of this prayer.
7. That your petitioner have such other further and general relief as to this honorable court may appear to be meet and proper.

8. To the end that said defendants may, if they can, show why your petitioner should not have the relief herein prayed for, and may, according to their best and utmost knowledge, remembrance, information, and belief, full, true, direct, and perfect answer make but not under oath, answer under oath being hereby expressly waived, to each and all matters in this bill contained, and that as fully as if the same were here repeated paragraph by paragraph and they were specially interrogated thereunto severally, may it please your honors to grant to your petitioner a writ of subpoena and respondentum issuing out of and under the seal of this court, to be directed to said defendants and each of them, commanding them and each of them on a certain day and under a certain penalty to be therein inscribed, to appear before your honors in this court, and then and there full, true, direct, and perfect answer make to all and singular the premises herein set forth and further to stand, to perform and abide by such further order or decree as to your honors shall seem meet, and your petitioner will ever pray.

HENRY A. WISE,

United States Attorney for the Southern District of New York.

Solicitor for Petitioner.

GEORGE W. WICKERSHAM,
Attorney General.

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*Assistant United States Attorneys
For the Southern District of New York,
Of Counsel.*

AGREEMENT A. A.

CONTRACT.

Between the following trans-Atlantic steamship lines, namely:

1. The Allan Line Steamship Co. (Ltd.), Glasgow;
2. The Anchor Line, Henderson Bros. (Ltd.), Liverpool;
3. The Cunard Steamship Co. (Ltd.), Liverpool;
4. Hamburg-Amerikanische Packetfahrt Actien-Gesellschaft, Hamburg;
5. The Nederlandsch Amerikaansche Stoomvaart Maatschappij, Rotterdam;
6. Norddeutscher Lloyd, Bremen;
7. Société Anonyme de Navigation Belge Américaine (Red Star Line), Antwerp;
8. International Mercantile Marine Co. (except the Société Anonyme Belge Américaine, Red Star Line, in Antwerp), New Jersey;
9. Canadian Pacific Railway Co. (Atlantic Steamship Lines), Montreal,

the following contract has this day been concluded:

ARTICLE 1.

The companies before named guarantee to each other the percental participation as defined and provided for in article 3 of this contract of the entire steerage traffic forwarded by the parties to this contract from all European ports to and via the United States of America and Canada and vice versa in vessels owned, leased, chartered, or controlled by them without regard to the flag. Excepted are Italian and Oriental passengers forwarded by direct steamers through the Straits of Gibraltar. (Oriental passengers means passengers to or from Greece, Africa, and Asia.)

ARTICLE 2.

All passengers forwarded in any intermediate class between steerage and cabin, as defined in article 13, to be considered as steerage passengers in the sense and meaning of this contract.

COMMENTARY TO ARTICLE 2.

(a) The word "cabin" in the sense of this contract is understood to mean the first and second cabin.

(b) Intermediate or even cabin passengers are steeragers unless they pay at least the lowest cabin fare as defined in article 13.

(c) Steeragers once embarked by a line can not be counted a second time by the same line or any other line in case of transfers through accidents, etc.

ARTICLE 3.

The proportions in which the lines participate in the total transportation of steeragers in accordance with article 1 of this contract are fixed as follows (subject to the figures being checked):

Westbound:

	Percent.
1. The Allan Line Steamship Co. (Ltd.), Glasgow, for its United States services.....	0.62
2. The Anchor Line, Henderson Bros. (Ltd.), Liverpool.....	3.40
3. The Cunard Steamship Co. (Ltd.), Liverpool.....	13.75
4. Hamburg-Amerikanische Packetfahrt Actien-Gesellschaft, Hamburg.....	19.61
5. The Nederlandsch Amerikaansche Stoomvaart Maatschappij, Rotterdam.....	6.63
6. Norddeutscher Lloyd, Bremen.....	26.53
7. Société Anonyme de Navigation Belge Américaine (Red Star Line), Antwerp.....	9.71
8. I. M. M. Co., White Star Line.....	8.60
I. M. M. Co., American Line.....	6.68
I. M. M. Co., Dominion Line.....	4.47
	<u>100.00</u>

Eastbound:

1. The Allan Line Steamship Co. (Ltd.), Glasgow. For its United States services. For its Canadian services (including Portland in the winter).....	4.95
2. The Anchor Line, Henderson Bros. (Ltd.), Liverpool.....	3.93
3. The Cunard Steamship Co. (Ltd.), Liverpool, for its Liverpool services. The Cunard Steamship Co. (Ltd.), Liverpool, for its Fiume Triest service as per page 28.....	12.77
4. Hamburg-Amerikanische Packetfahrt Actien-Gesellschaft, Hamburg.....	2.35
5. The Nederlandsch Amerikaansche Stoomvaart Maatschappij, Rotterdam.....	12.35
6. Norddeutscher Lloyd, Bremen.....	6.10
7. Société Anonyme de Navigation Belge Americaine (Red Star Line), Antwerp.....	18.79
8. I. M. M. Co. White Star Line.....	8.56
American Line.....	15.49
Dominion Line.....	8.72
9. Canadian Pacific Ry. Co. (Atlantic Steamship Lines).....	1.50
	<u>4.49</u>
	<u>100.00</u>

The Cunard S. S. Co.'s Adriatic service, the Allan Line's Canadian services, and the Canadian Pacific Ry. Co., Atlantic S. S. Lines, are not covered by this contract as far westbound business is concerned, except for the conditions attached to the Cunard S. S. Co.'s Adriatic service as provided for on page 33.

ARTICLE 4.

If a line ceases to carry steeragers in the sense of article 1, its share of participation as fixed in article 3 will be divided amongst the other lines in proportion to the percental participation appertaining to each line, according to article 3.

COMMENTARY TO ARTICLE 4.

(a) In case a line ceases to exist or ceases to forward steeragers, the deposit made by such line as stipulated in article 17 will be returned to it after the expiration of six months but only if and in so far as no claim lays against the deposit under this contract.

(b) If a line transfers its business in part or in whole to a successor, or if an amalgamation with another line takes place, the line so transferring business is bound to make it binding upon its successor to enter into this contract and to become a party to it with all the rights and obligations arising out of this contract, and the deposit made by the former line, forthwith devolves upon the other line, and stands valid on behalf of the latter.

ARTICLE 5.

(a) If any of the lines are compelled by *vis major* to discontinue their entire service or even only their steerage service for longer than four weeks after its last sailing (the day of this sailing included) such line ceases to be a party to this contract from the date of its last sailing, but becomes a party to it again immediately upon the resumption of its service or even only of its steerage service.

(b) In the interval, the participation-quota of such line devolves *pro rata* of the participation as per article 3 upon the other lines.

(c) In case lines representing 40 per cent of the shares are compelled contemporaneously to discontinue their steerage services for longer than four weeks from their last sailing, the present contract to be suspended so long as such discontinuance of the service or services lasts, begining from the last sailing.

[COMMENTARY TO ARTICLE 5.

(a) It was not considered feasible to closely define the conception of "*vis major*," inasmuch as the opinion generally prevailed that it would be impossible to exhaust all the eventualities which might in this respect arise.

(b) But it was unanimously thought that not only the blockade of ports, war and similar events of a political or revolutionary kind should be comprised in the conception of *vis major*, but that also obstruction of ports by ice or from other causes, as for instance: If a narrow fairway should be completely closed up by a sunken vessel in or outside of a port, shall be considered as *vis major*. A cessation of a Canadian service during the winter season when the St. Lawrence is closed, shall not be considered as coming under this clause.

(c) A line ceasing to be a party means, that the accounts are closed with it up to the day when the line had its last sailing, and a line becomes a party again, means that the accounts are reopened with it from the day of its rejoining the contract, that is, from the day of its first sailing.

ARTICLE 6.

(a) Any line or lines whose steerage transportation in a year exceeds in point of number the proportions fixed by articles 3 to 4 have to pay a compensation price of £4 for each passenger (soul) carried in excess of the established proportion.

(b) Such money to be paid to the line or lines who have not reached their participation-quota and such payments to be made in proportion to the number of steeragers which each line is short.

COMMENTARY TO ARTICLE 6.

(a) The stipulation of a compensation payment for each steerager carried beyond the proportion allotted by this contract forms one of the main features of the entire contract. The payment of such compensation is certainly not the intent and purpose of the contract, but is the requisite means to deter the lines from following the tendency to exceed their proportion.

(b) The possibility ought not to be excluded to effect alterations with regard to the figure of £4 in the event of it becoming evident, that from extraordinary causes, the stipulated compensation proves to be too low or too high for the purposes of this contract.

(c) If for instance the steerage rates by any line should fall below £4, the compensation price of £4 was considered excessive for the purpose of this contract.

(d) It was therefore agreed that the compensation can be advanced and lowered by a majority of the lines representing at least 75 per cent of the shares as fixed in article 3.

(e) It was, however, understood that alterations of the compensation price can in no case be decided otherwise than to take effect at the beginning of the next week.

ARTICLE 7.

The compensation price fixed by article 6, as also the statistics relating to the transportation of steeragers, is in all cases based upon the number of persons or souls, so that children and infants always count as full passengers in the sense of this present contract.

COMMENTARY TO ARTICLE 7.

The stipulation contained in this article was deemed necessary in view of the fact that if for children and infants certain fractions of the rates for adults were to be reckoned, the accounts would be unduly complicated.

ARTICLE 8.

(a) Provisional compensation accounts to be prepared monthly by the secretary who has to direct the party or parties in excess of their share with regard to the amount of compensation to be paid by them. Such payments have to be effected within a fortnight after receipt of the secretary's notice.

(b) Final settlements will be made at the end of each calendar year on the basis of a compensation account prepared by the secretary comprising the entire year. Objections against this final account to be made within four weeks, failing which the accounts shall stand.

(c) Objections to the correctness of the accounts form no release from the obligation to effect the provisional settlement.

COMMENTARY TO ARTICLE 8.

No comment needed.

ARTICLE 9.

Each line undertakes to arrange its services in such a manner that the number of steerages which it actually carries corresponds as nearly as possible with the number allotted to it by this contract.

COMMENTARY TO ARTICLE 9.

As already explained in the comment to article 6, the payment of the compensation moneys is not the object of this contract, but merely the means of deterring the lines from endeavoring to exceed their participation-quota.

ARTICLE 10.

(a) For the purposes of the compilation of the compensation accounts, all the lines have to furnish to the secretary every 7th, 15th, 23d, and last day of a month their statistics of the steeragers and also second-cabin passengers carried by them in the week ending with these respective dates and the destination of the steamers.

(b) A fine of £5 shall be imposed upon any line delaying the delivery of the statistics for more than three days.

(c) The secretary has to furnish to the lines weekly the statistics of the passengers carried, and monthly a statement showing the position of the lines versus each other, and not later than on the 15th of each month for the preceding month.

COMMENTARY TO ARTICLE 10.

No comment needed.

ARTICLE 11.

(a) In case the results thus obtained show that any of the lines have exceeded their proportion or have remained below it, such line is entitled and in duty bound to adopt measures calculated to bring about a correct adjustment. But before putting such measures into operation the line is bound to inform the secretary of the measures proposed to be adopted.

(b) The other lines are entitled to await what result the measures taken produce, or insofar they represent 75 per cent of the shares they may direct other or more forcible measures, which can only refer to rates to be set in motion. In the latter case the lines are bound to put such measures into force without delay and without demur.

COMMENTARY TO ARTICLE 11.

(a) All parties were unanimously of the opinion that the adjustment is, whenever practicable, to be effected not by reducing the rates of one line but on the contrary by raising the rates of one or several of the lines.

(b) No line to be compelled to fix its gross rate per adult steerager at less than £5 or more than £8.

(c) It was expressly understood that there is to be no appeal against the decisions taken by such majority of 75 per cent, as such decisions will in all cases be solely in respect to questions of rate.

(d) Even in case the lines themselves do not propose the adoption of measures, a majority of the lines representing 75 per cent of the shares can immediately proceed to take measures, as for instance, they may direct that the rates shall be raised or reduced.

(e) In all cases under this contract where percentages have to be taken into consideration, it is understood that in questions on west-bound business, the west-bound percentages, in questions on east-bound business the east-bound percentages, and in general questions the mean of the west—and east-bound percentages of each line shall apply.

ARTICLE 12.

No line has the right to alter its steerage and second cabin rates without having previously informed the secretary.

COMMENTARY TO ARTICLE 12.

No comment needed.

ARTICLE 13.

(a) Unless there is a second-class rate agreement, the lowest second-cabin rates of any line west bound must be at least £2, and east bound at least \$10, higher than the highest normal third-class rates of the respective steamer. In case a continental line should carry third-class and steerage passengers, the basis for fixing its second-class rate shall be its steerage rate.

(b) The lowest prepaid cabin rate in America of any of the lines must be at least equal to the lowest cabin rate of the same line on this side.

COMMENTARY TO ARTICLE 13.

(a) The word cabin is also here, as in article 2, understood to comprise both the first cabin and the second cabin.

(b) If a line has fixed and published its second-cabin tariff it can not be compelled to change this tariff during the current season whatever changes in the steerage rates may occur. Each line shall indicate to the secretary when its seasons commence and end and also indicate the rates.

(c) The rate of exchange with regard to cabin rates is fixed for dollars at marks 4 or 4 shillings.

ARTICLE 14.

(a) The lines undertake to pay out of the gross steerage rate a commission to their agents which must not exceed in Great Britain 6s. per adult to ordinary agents, or 9s. to general agents, or on the continent not more than 15s. for a full steerager or 12 kroners in Scandinavia or 17 Finnish marks in Finland.

(b) The maximum commission for second-cabin passengers per adult in Great Britain to be not more than 5 per cent with a minimum of 9s. to ordinary agents or 13s. 6d. to general agents, and on the continent a maximum of 6 per cent, but each line is entitled to grant a minimum of 15 marks on a single trip per adult.

COMMENTARY TO ARTICLE 14.

In respect to the question as to who is to be considered as agent of a line and more especially also whether the so-called town agents are comprised in the term of agent, it was unanimously decided, that as agents in the sense and meaning of the contract, only such agents are to be considered who are regularly appointed by a line. In the case of the British lines any agent appointed by their head agents at the ports shall be considered as a firmly engaged agent of a line.

ARTICLE 15.

The cash steerage rates and the American prepaid rates shall be established on the following equivalence:

Marks, 100.....	\$24. 50
Marks, 110.....	27. 00
Marks, 120.....	29. 50
Marks, 130.....	31. 50
Marks, 140.....	34. 00
Marks, 150.....	36. 50
Marks, 160.....	38. 50
Marks, 170.....	41. 00
Marks, 180.....	43. 50
Marks, 190.....	45. 50
Marks, 200.....	48. 00

COMMENTARY TO ARTICLE 15.

(a) It was not thought necessary to make any stipulation in respect to the rate of commission to be paid to agents in America for prepaids, so long as the rates of commission on the other side are fixed by the continental conference and or the North-Atlantic conference, but it is agreed that in no case the subagents' commission shall exceed \$2 or the head agents' commission \$3, and the names of such head agents shall be scheduled with the secretary of the continental conference and or North-Atlantic conference in New York and with the secretary of the Atlantic conference.

(b) It was agreed that with a view to regulate the question in respect to the European inland transportation in connection with the prepaid business, each line may issue a tariff containing not more than 300 stations, showing the cost of transportation from such stations to the port of embarkation. No commission shall be allowed on these European inland rates.

ARTICLE 16.

(a) The lines undertake to comply with article 8 of the "General rules, third series, of the continental conference," which reads as follows:

"No circulars or publications shall be issued by any line reflecting upon or instituting comparisons with any conference line unfavorable to the latter, and no party hereto shall support any newspaper which may systematically attack any conference line."

(b) They further undertake to send to the secretary any printed matter and circulars sent to agents in relation to the steerage business, so far as such matters are not of purely internal nature.

COMMENTARY TO ARTICLE 16.

(a) In view of the fact that the stipulations referred to in this article of the continental conference have stood the test of many years practical working, it was decided not to alter anything with regard to such stipulations of the continental conference, but it was agreed that the words "support any newspaper" are more especially understood to mean that no advertisements are to be given to such newspaper.

(b) It was furthermore decided that all the lines shall be responsible for their agents and employees or other representatives in this sense, that the lines are bound not only immediately to dismiss an agent, etc., who in respect to another line has disregarded the stipulations of article 16, but that all the lines are also bound to break off all and every direct and indirect business connection with such agent.

(c) An agent, etc., who has thus been dismissed, must not be engaged by any of the other lines nor are they allowed to have any business connection directly or indirectly with such person.

ARTICLE 17.

For the faithful performance of the conditions of this agreement the parties deposit with the secretary a promissory note in the amount of £1,000 for each per cent proportion.

This note is only payable if it is accompanied by the award of an arbitrator, provided for in this agreement, or by the award of another arbitrator, agreed upon by the parties at difference.

COMMENTARY TO ARTICLE 17.

No comment needed.

ARTICLE 18.

(a) The sum deposited shall be considered the amount of liquidated damages and thus entirely forfeited, if the line who made the deposit unduly withdraws from the present contract before its expiration, or if the line resorts to actions which render the continuance of this present contract impossible, and which are, therefore, to be considered equivalent to a withdrawal from this present contract, as for instance:

(b) Refusal to pay compensation money or failure to replenish the deposit in due time, or assisting directly or indirectly a new opposition line, or starting or assisting a line whereby the business as defined in article 1 would be seriously interfered with.

COMMENTARY TO ARTICLE 18.

No comment needed.

ARTICLE 19.

In the event of a deposit being declared entirely forfeited the line or lines who have claims to compensation will in the first instance receive satisfaction out of the same pro rata of their claims. Any remaining surplus will be divided amongst all lines, excluding the line the deposit of which has been declared forfeited, proportionate to their participation quota.

COMMENTARY TO ARTICLE 19.

No comment needed.

ARTICLE 20.

(a) Penalties in case of contravention against or infraction of any stipulations of this contract shall be fixed by the arbitrator, but in no case shall such penalties exceed the amount deposited by the party at fault.

(b) The amount of penalty to be in each case not less than £250 for each contravention or infraction, except as provided for in article 10.

(c) In case of the contravention or infraction being made wilfully and designedly, especially in case of any wilful and intentionally incorrect statement or declaration in respect to statistics, the penalty shall not be less than £2,500.

(d) The sums accruing from penalties are to be divided amongst the other lines in the same manner as provided for at the end of article 19.

(e) Unless the penalty be paid to the secretary within eight days after the line concerned has received the relative award, the deposit will be drawn upon up to the amount of such penalty.

COMMENTARY TO ARTICLE 20.

It was thought that a penalty of £2,500 for each case might in case of systematically incorrect statements amount to such an extravagant sum that it would be impossible to recover it, or that the deposit would be entirely exhausted thereby; hence this stipulation, that in such cases the penalty need not be applied to each case separately, but is fixed at £2,500 minimum, which implies that a higher amount can be fixed according to the gravity of the infraction, the number of cases involved, as well as the length of time during which the infractions and contraventions have been practiced

ARTICLE 21.

In the event of a deposit having been dealt with the same must, within 14 days after the day on which it has been so dealt with, be replenished up to its original amount.

COMMENTARY TO ARTICLE 21.

The replenishment of the deposit shall be effected by the lines without their having been called upon to effect such replenishment. The notes required to replenish the deposit are to be transmitted to the secretary in the same manner as stipulated in article 17. The secretary is bound forthwith to arrange for the notes so received being immediately deposited with a bank. As stipulated in article 18, the remainder is entirely forfeited if the deposit is not replenished in due time.

ARTICLE 22.

(a) Other lines can be admitted to the present contract, and the terms and conditions of the latter can be altered and new terms and conditions can be added thereto, but only by the unanimous vote of the lines unless otherwise provided for in this contract.

(b) All alterations and additions made in respect of this present contract, to be valid and binding upon the lines, parties to this present contract, only when all the lines have given their written consent to such alterations and additions.

COMMENTARY TO ARTICLE 22.

No comment needed.

ARTICLE 23.

(a) The execution and control of the fulfillment of the stipulations of the present contract are confided firstly to the secretary, secondly to the arbitrator.

(b) The secretary must be a person entirely and in every respect independent of any of the parties to this present contract. The secretary shall be appointed or dismissed by a majority of the lines representing 75 per cent of the shares. Mr. H. Peters, at Jena, is hereby appointed as secretary.

(c) Amongst his duties are: To receive the statistical statements, to examine the same, as also the accounts, for which purpose the secretary shall have access to the passenger offices of the lines and can there examine all books, correspondence, etc., so far as he may deem it practicable; to communicate the statistics and accounts to all the lines concerned, and act as mediator in general in the transactions between the lines themselves, so far as such transactions appertain to matters relative to this con-

tract; wherefore, the secretary has also to see that all lines receive regularly and simultaneously all necessary information; to control the steerage prices in accordance with article 11; to collect the payment of the penalties; to call the meetings of the lines according to article 25, and keep the minutes of these meetings; to effect the compensation accounts.

(d) It shall be the duty of the secretary to use every exertion to settle difficulties amicably.

(e) The expenses of the secretary are to be paid by the lines in proportion to the mean of the percentages allotted to each according to article 3, but the salary of the secretary shall be paid by the lines in equal parts.

(f) There is no objection to the British lines sending their statements and reports through the secretary of the North Atlantic Passenger Conference in Liverpool.

ARTICLE 24.

All parties mutually agree that any dispute or claims between any of them, or between any one or more of them and the rest of them, arising under this agreement shall be settled by arbitration, as follows:

(a) Arbitration proceedings, unless the parties in dispute agree otherwise, shall take place alternately in England and Germany, to commence with England.

(b) Notice in writing of intention to prefer a claim shall be given in reasonable time to the party complained of, signed by or on behalf of the complaining party, and stating the nature and also particulars of the claim. Such notice shall, as to any party hereto, be deemed properly served if sent by post prepaid in a registered letter, duly addressed to the principal office in England of such British or American line and to the principal office on the Continent of such continental line, and shall be deemed to have been delivered in the ordinary course of post. Copies to be sent to the secretary, who has to inform the other parties.

(c) Unless the disputing parties mutually agree to the appointment of a single arbitrator within 14 days from the date of the aforesaid notice, each party shall without delay appoint in writing an arbitrator to act on his behalf, and the two arbitrators so chosen shall appoint an umpire. In case they can not agree upon the umpire, the latter to be nominated by the president of the board of trade, if the arbitration takes place in England, and by the president of the Hanseatic court of appeal in case the arbitration takes place in Germany.

(d) Should either of the parties fail to appoint an arbitrator within 21 days after notice of the intended reference has been given, and for 7 days after service upon him or them of notice in writing by the other disputing party or parties appointing his or their arbitrator, then the one arbitrator who has been chosen may, if so required by the party or parties who appointed him, proceed to act as sole arbitrator in the reference, whether the party failing to appoint an arbitrator appear before him or not, and the decision of such sole arbitrator shall be final and binding.

(e) The arbitrator or arbitrators shall alone have power to determine whether any claim preferred comes within the terms of this agreement, and also as to which of the parties shall pay the costs of the reference.

(f) The arbitrator or arbitrators shall take into consideration whether from the circumstances disclosed it appears that proved breaches are isolated offenses or whether they are incidents in a systematic violation of this agreement, and shall impose damages accordingly.

(g) The damages for breach of this agreement shall be imposed by the arbitrator having due regard to the stipulations in article 20.

(h) Damages shall be payable within eight days from the date of the notification of the award.

(i) Each party hereto agrees that the amount of any fines or damages to be imposed upon him or them by the arbitrator or arbitrators as above provided shall be treated as the liquidated and ascertained damage for the breach of this agreement complained of and not in the nature of penalty or under any circumstances be regarded otherwise than as the true and ascertained damages resulting from the breach, and each party hereby irrevocably declares himself finally stopped from raising any contrary contention.

(k) The arbitrator or arbitrators shall, notwithstanding they may have made and published an award, have power to reopen and reconsider the same and to hear further evidence and to make a fresh award provided cause be shown satisfactory to him or them within one week after the award is first made and published, or if the arbitrator or arbitrators see cause to extend the time, then within three weeks of the issue and publication of the said award. The award of the arbitrator takes the place and is

equivalent to a legal judgment given by the highest instance of any law court against which all right of appealing is exhausted, and it is expressly understood that all the parties to this present contract relinquish all and every right to employ against the award given any legal means of whatever name or description such legal means may be.

(l) Any disputes arising under this agreement shall be settled according to the law of the country in which the arbitration takes place, wherever the domicile residence or office of business of the parties to this agreement may be or become.

(m) In case of arbitration taking place in England, all and singular, the provisions of the arbitration act 1889, or any statutory modification or amendment thereof for the time being in force, shall be applicable.

(n) In case of arbitration taking place in Germany, the German law will apply, but the manner in which the arbitrator thinks proper to take the evidence of the parties and of the witnesses who may have to be heard, as also the modus which he adopts in ascertaining the facts of the matter at issue are left entirely to his conscientious decision, and it is expressly understood that he is not bound to the observance of the rules in operation in respect of any legal procedure.

COMMENTARY TO ARTICLE 24.

No comment needed.

ARTICLE 25.

(a) Meetings are convened by the secretary. Such meetings to be held alternately at London and at Cologne, to commence in Cologne.

(b) Regular meetings shall be held on the first Thursday of March and December.

(c) Special meetings shall take place within 21 days if the majority of the lines demand same, within four weeks if demanded by two of the lines, and within five weeks if demanded by only one line.

(d) The subject or subjects to be dealt with in such meetings to be notified by the secretary to all the parties concerned not less than 11 days before the date on which the meeting is to take place.

(e) At meetings thus convened the party or the parties present shall form a quorum irrespective of the number.

(f) Resolutions can not be taken upon any subjects which have not been duly notified to all the parties concerned, unless all the parties to this contract are represented at such meetings and agree.

(g) Resolutions on subjects transmitted by the secretary to the lines can also be taken by a vote given in writing provided no line objects to such manner of voting.

(h) Minutes shall be written at all meetings, the same to be signed at such meetings by all the parties present, and minutes so written and signed shall stand as a true record of the proceedings and shall be considered final.

COMMENTARY TO ARTICLE 25.

Each line demanding a meeting in doing so has to communicate to the secretary the subjects which the line proposes for discussion. Each line can propose additions to these subjects provided such additions are forwarded to the secretary so as to be in his possession at least five days before the meetings.

ARTICLE 26.

(a) It is understood that in all cases in which resolutions have to be taken in respect to existing differences of opinion as to the terms and conditions of this present contract, as also in the case of all decisions by the lines or by the arbitrator not only the tenor but also more especially the spirit of this present contract, is to be taken into consideration.

(b) For this purpose there have been appended to the various articles commentaries with expositions, and it is understood that same are to be considered to their full extent to form an integrant part of this present contract.

ARTICLE 27.

(a) This present contract has been concluded for the period from March 1, 1908, to February 28, 1911, and shall after this latter date continue from year to year unless due notice be given to the secretary not later than on the 1st of December of the intention of terminating same at the end of the next February, namely, in the first instance on the 1st of December, 1910.

(b) The withdrawal of any line from the present contract releases the other lines from all obligations except from the obligation to pay the compensation accounts incurred under this contract up to the date of such withdrawal, unless the latter agree amongst themselves to continue the present contract under the same or under altered terms and conditions.

COMMENTARY TO ARTICLE 27.

No comment needed.

ARTICLE 28.

In these presents unless there be something in the subject or contents inconsistent therewith:

“Year” means a calendar year.

“Weeks” means the period for the 1st-7th, 8th-15th, 16th-23d, 24th to the last day of the month.

“In writing” means by telegraph, by writing, or by print work.

“Lines” means parties to this contract.

“Notifications and communications” means in writing, never verbally; notifications and communications count from the day they have been dispatched.

“Vote” means open, not secret.

COMMENTARY TO ARTICLE 28.

No comment needed.

(Signed) *HENRY ALLAN,*
Hamburg-Amerika Linie.
 (Signed) *WILLIAM WATSON,*
For the Cunard Steamship Co.
 (Signed) *RICHARD HENDERSON,*
For the Anchor Line (Henderson Bros.) (Ltd.).
 (Signed) *REUCHLIN,*
For Holland-America Line.
 (Signed) *ED. STRASSER,*
Red Star Line.

LONDON, February 5, 1908.

Subject to the reservation that if the Canadian Pacific Railway steamship lines do not accept the percentage proposed for them, i. e., the basis of 1906 and 1907 combined, for the eastbound pool, nothing in this agreement shall be binding on the Allan Line Steamship Co.

(Signed) *HENRY ALLAN,*
For the Allan Line Steamship Co. (Ltd.).
 (Signed) *WILLIAM WATSON,*
For the Cunard Steamship Co.
 (Signed) *RICHARD HENDERSON,*
For the Anchor Line (Henderson Bros.) (Ltd.).
 (Signed) *REUCHLIN,*
For Holland-America Line.
 (Signed) *ED. STRASSER,*
Red Star Line.

The Canadian Pacific Railway agrees to become a party to the above contract as far as east-bound business is concerned and to accept 4.60 per cent as their share of the total east-bound traffic as per Article 1, inclusive their own carrying but exclusive Cunard Line's Fiume service. If Cunard Line's Fiume service is included and if shared by all lines the Canadian Pacific Railway share of 4.49 per cent will be accepted.

(Signed) *ALLAN CAMERON,*
The Canadian Pacific Railway Co.
 (Atlantic steamship lines.)

EAST BOUND: The Continental Lines propose that the Cunard Line, Fiume-Triest service, joins the Atlantic Conference for all non-Italian passengers on basis of their average carryings 1906 and 1907.

(Signed)	WILLIAM WATSON, <i>For the Cunard Steamship Co. (Ltd.).</i>
(Signed)	AD. STORM, <i>Hamburg-American Line.</i>
(Signed)	REUCHLIN, <i>Holland-America Line.</i>
(Signed)	V. HELMOLT, <i>Norddeutscher Lloyd.</i>
(Signed)	ED. STRASSE, <i>Red Star Line.</i>
(Signed)	CH. TATTET, <i>Cie. Genl. Transatlantique.</i>

LONDON, February 5, 1908.

EXHIBIT B.

[Congressional Record, Sixty-first Congress, second session.]

FOREIGN SHIPPING CONFERENCES, POOLS, AND RINGS.

To-day 90 per cent of our foreign trade, amounting to \$3,500,000,000 annually, is carried by foreign ships belonging to conferences, pools, and combines. Between these ships there is no competition. They fix freight rates by agreement. They combine to destroy any line outside of the conference. They give special rates and other advantages to the Standard Oil Co., the Steel Trust, and the harvester combine. The rate that every passenger must pay and the rate that every pound of freight must pay between here and Europe and between here and South America is fixed in advance in Jena, Germany. This foreign ship combine is the most gigantic trust in the world. The commerce of the United States is absolutely at its mercy.

[Speech of Hon. William E. Humphrey, of Washington, in the House of Representatives, Thursday, June 16, 1910.]

The House being in Committee of the Whole House on the state of the Union and having under consideration the bill (H. R. 23730) making appropriations to supply deficiencies in appropriations for the fiscal year 1910, and for other purposes—

Mr. HUMPHREY of Washington said:

Mr. Chairman, day before yesterday I introduced a resolution calling for an investigation of certain foreign shipping rings, conferences, pools, and combinations; also to ascertain whether or not any American lines belonged to these combinations.

I have here before me this morning one of the most remarkable publications, in my judgment, that has ever been printed. It is called "Report of the Royal Commission on Shipping Rings," and is the report of a special commission appointed by the order of the King of England to investigate the plans and methods of the various shipping "rings," "conferences," and "combinations" throughout the world.

Why the existence of this publication has heretofore been practically unknown, and why it is that the newspapers and magazines of this country have said little or nothing about it, is beyond my explanation, beyond my understanding.

For several years I have suspected, from various items of information received from investigations and from newspapers, especially foreign publications, that the great ocean lines of vessels, both steam and sail, running to and from this country, were in combination; that between all the principal lines of the world there was an understanding; that there was no competition; and that freight rates were fixed by agreement between the various lines.

The evidence taken before this royal commission and published in these volumes which I have here establishes fully all these facts.

We are, even now, engaged in passing a bill intended to prevent monopoly and other kindred evils practiced by the railroads that will protect the people from unjust discrimination. The whole country is interested in this legislation; the public has been brought to the verge of hysteria on this question by the press; the yellow magazines and muckrakers have reveled in it; yet in these volumes of this investi-

gation of the foreign shipping "rings" is told a story of pooling, rebating, discrimination, and of combination to raise prices and to prevent competition far more interesting and more shameful than has ever been written by the most sensational magazine writer.

But not a word of this story, so far as I know, has ever been printed in any of the newspapers or magazines of America. Why is this true? It is all contained in public documents of England, accessible to everyone.

Had a little insignificant railway line in America been guilty of a single one of the many practices admitted to be the common method of all of these great shipping "rings," the press of this country would have emblazoned it from one end of the land to the other. We grow hysterical over domestic trusts and corporations, but we endure with supreme complacency these same evils when they are perpetrated under a foreign flag, by foreigners, at our expense, for the benefit of foreign countries.

FOREIGN TRADE.

The foreign commerce of this country for the year 1910 will approximate \$3,500,000,000. Of this vast sum, more than 90 per cent will be carried by foreign ships at an agreed price fixed, not between the shipper and the shipowner, but a price arbitrarily fixed by the different shipping lines themselves, without consultation and without any regard whatever as to the wishes or the desire of the shipper. More than 90 per cent of that vast amount of products will be carried by foreign ships between which there is not the slightest competition, but between which there is a mutual agreement and understanding as to the rates that shall be charged upon both freight and passenger traffic.

Mr. GARRETT. Mr. Chairman, will the gentleman yield to me for a question?

Mr. HUMPHREY of Washington. Yes.

Mr. GARRETT. The testimony to which the gentleman has referred is in reference to the South American lines, is it not?

Mr. HUMPHREY of Washington. No. The testimony is as to shipping lines throughout the world.

Mr. GARRETT. The gentleman has been referring to testimony taken before the committee on investigation.

Mr. HUMPHREY of Washington. Oh, no; I am referring to testimony taken before "the royal commission on shipping rings," of England, that investigated the fact as to "shipping rings" throughout the world.

Mr. GARRETT. I beg the gentleman's pardon.

Mr. COOPER of Wisconsin. What is the date of that report?

Mr. HUMPHREY of Washington. The report was filed May 18, 1909.

Mr. KITCHIN. I ask simply for information. Is the American shipowner in this pool, too?

Mr. HUMPHREY of Washington. I have no direct evidence of that, but I have information that convinces me that they are.

Mr. KITCHIN. This is a world combination.

Mr. HUMPHREY of Washington. I think American ships are in it also.

Mr. HARDY. Will the gentleman yield for just another question?

Mr. HUMPHREY of Washington. Yes.

Mr. HARDY. Is it not a generally known fact that the rates of shipping by way of coastwise vessels from New York, say to Galveston, are from two to five times the rate on the same class of goods from Liverpool to Galveston by foreign ships?

Mr. HUMPHREY of Washington. I do not know whether that is true or not. Personally, I do not believe it.

Mr. HARDY. I would like to be permitted——

Mr. HUMPHREY of Washington. You can state it on your own authority; but I do not intend to be placed in the attitude of admitting it.

Mr. HARDY. On my authority I state that I have information that such is the fact.

Mr. HUMPHREY of Washington. All foreign ships running between here and Europe, between here and South America, between here and South Africa, and between here and the Orient are formed into different combinations, conferences, or pools. These conferences are grouped according to ports, and all lines running over the same route or that would in any way come in competition are formed into one conference. These conferences fix the traffic rate for the different lines that compose them. They agreed that there shall be no competition between the lines in the conference. Further than this, each line agrees that if any outside line attempts to enter the trade all the conference lines will combine and destroy it. It is further provided, however, that if a new line is found to be too strong to be driven out then this line shall be taken into the conference.

All these conferences practice what they call the "deferred" system of rebates. That is, after a period of from 6 to 18 months these lines pay to their customers a rebate of from 5 to 20 per cent, provided, however, that these customers have done everything that they require of them. These rebate contracts are usually in writing and many samples of them are published in these volumes. The lines require that the shipper must not, either directly or indirectly, patronize any line outside of the conference; he must send freights from the port designated by the conference, in the amount designated; he must not send freight to another port, even if he patronizes the same ship, no matter how much cheaper it may be for him; and he must not refuse to continue to patronize the conference lines if they raise freight rates, even if this be done without his notice and without his consent.

To do any of these things causes the shipper to lose his rebate. These conferences justify all these methods because, as they say, it is necessary to do this to "fix" the shipper. To the average American mind, certainly the shipper who is in their clutches is not only "fixed," but, like the fellow's monkey, he is in a "hell of a fix."

By this method these foreign shipping combines have "fixed" the trade between here and South American countries until South American countries buy from us only about 5 per cent of what they import. In 1908 the imports into the harbor of Buenos Aires amounted to \$661,000,000. Of this amount only \$33,000,000 came from the United States. Rightfully 75 per cent, instead of less than 5 per cent, belongs to this country.

I want to call the attention of my distinguished friend from Tennessee [Mr. Garrett] to some of the following facts with which he is more or less familiar.

By these methods these foreign shipping combines have "fixed" the trade of the United States until it is absolutely at the mercy of foreign ships and foreign competitors.

These conferences refuse not only to pay rebates to the disloyal shipper, but, once he disobeys instructions, they will not thereafter carry his products.

These various "conferences" cover the entire world. The methods pursued by them all are the same; they vary only in detail.

SOME AMERICAN "CONFERENCES."

We are, however, especially concerned with the conference that include the lines running to and from the United States.

The conferences including the lines on the Atlantic Ocean are controlled by English and German lines; on the Pacific Ocean, by Japanese, English, and German lines.

The details concerning most of these conferences throughout the world, giving the name of each one, the lines that compose them, and the system of rebates practiced by them, are published in these volumes of the royal commission's report.

These tables and other extracts from this report I shall publish in the Record, and whether or not the Members of this House shall pay me the compliment of reading my speech, I trust that they will read these quotations.

These great conferences between here and Europe not only fix freight rates by agreement, not only agree to fight any competitive lines, not only give rebates and practice other discriminations, but these lines are in a vast pool. The lines between here and Europe are formed into three pools. The first is known as the continental pool, representing all lines running regularly between the United States and European ports outside of the Mediterranean; second, the Mediterranean pool, consisting of all lines between the United States and Mediterranean ports; and, third, the British pool, consisting of all lines running between the United States and ports of Great Britain and Ireland.

These pools consist, in addition to others, of the following lines:

CONTINENTAL POOL.

Line.	Manager.	Address.
French Line.....	Paul Faguet.....	19 State Street, New York.
Holland-American Line.....	A. C. H. Nyland.....	39 Broadway, New York.
Hamburg-American Line.....	Emil L. Boas.....	45 Broadway, New York.
North German Lloyd Steamship Co.....	Gustav H. Schwab.....	5 Broadway, New York.
Scandinavian-American Line.....	A. E. Johnson & Co.....	1 Broadway, New York.
Russian-American Line.....	A. E. Johnson & Co., and Max Strauss.	27 Broadway, New York.

MEDITERRANEAN POOL.

Line.	Manager.	Address.
Cunard Steamship Co.....	Chas. P. Sumner.....	24 State Street, New York.
French Line.....	Paul Faguet.....	19 State Street, New York.
Hamburg-American Line.....	Emil L. Boas.....	45 Broadway, New York.
North German Lloyd Steamship Co.....	Gustav H. Schwab.....	5 Broadway, New York.
Austro-American Steamship Co.....	Phelps Bros. & Co.....	17 Battery Place, New York.
Veloce.....	Bolognesi, Hartfield & Co., Wm. Hartfield, president.	52 Wall Street, New York.
Lloyd Sabudo.....	Cesare Conti.....	35 Broadway, New York.

BRITISH POOL.

Cunard Steamship Co.....	Chas. P. Sumner.....	24 State Street, New York.
Anchor Line Steamship Co.....	Genderson Bros.....	19 Broadway, New York.
International Mercantile Marine.....	P. S. Franklin.....	9 Broadway, New York.
Allan.....	H. & A. Allan.....	110 State Street, Boston.

Each of these pools places a portion of its earnings in a common fund, and that fund is then divided among the different lines according to the basis previously agreed on by the conference, regardless of the earnings of each line.

The headquarters—the home office—of these pools is at Jena, Germany. Its secretary is Mr. Peters. Here is where the bulk of the business of all of these pools is transacted. Here the rates of both passenger and freight traffic are agreed on; here the different plans for the conduct of the business are made; and here each month the different representatives meet and divide the spoils—the tribute levied on the American shipper.

These foreign steamship lines, comprising the various conferences and pools that run to America, have their agents and representatives in this country. They own terminal facilities and other property at Jersey City, Hoboken, and in New York and in other cities of this country of great value. It seems to me, as a question of law, under these facts, that these companies are within the jurisdiction of our courts. However, up to this time the Interstate Commerce Commission have decided that they have no authority to prohibit the practices followed by these conferences, as regards any case that has been presented to them. Many of these questions were raised in a case brought by Peter Wright & Sons, agents of the Cosmopolitan Shipping Co., Philadelphia, against the Hamburg-American Packet Co. et al. Demurrer to the complaint in that case, on the ground that the commission had no jurisdiction, was sustained. It is worthy of comment that the chief counsel of this great monopoly is the Hon. John C. Spooner, formerly United States Senator. It might also be worthy of recollection that Senator Spooner, a short time before he resigned from the Senate to accept this employment, strenuously opposed the passage of a merchant-marine bill.

Not only do these conferences pool their earnings, but they have divided the United States into different zones. Not only do they fix the rate of freight across the Atlantic, but they also fix the rates on freight originating at inland points in the United States, and they fix the rate on freight going to inland points of the United States. They fix the rate from Chicago to Europe, and from Europe to Chicago. Further than this they direct through what ports inland freight shall come and go. They tell the shipper of Cleveland whether he shall send his goods for Europe through the port of Boston, New York, Baltimore, Philadelphia, Norfolk, or Newport News. They tell the shipper of goods from Europe to St. Louis, and from St. Louis to Europe, through what port he shall send them.

Moreover, this combine of foreign ships, working with the railroads of this country, will send a ton of crockery from Germany to Denver for less than the same railroad will carry a ton of the same product from Pittsburgh to Denver. They will send a case of beer from Germany to Salt Lake City for less than the same railroad will carry a case of beer from Cincinnati to Salt Lake City.

Of what protection is our tariff to the manufacturers of this country against such discrimination practiced by these foreign trusts? Of what use will our new railroad law be to prevent monopoly and discrimination so long as these things continue?

Of course, we would not for a moment permit such discrimination by the railroads of this country on any American product, but we smilingly submit to this discrimination against the American producer in favor of the foreign producer.

Not only do these conferences pool as to the freight, but also as to the passenger traffic. This combine of foreign ships sends thousands of poor, ignorant immigrants

to this country on slow, inferior ships to Baltimore and Philadelphia, who have paid for a passage on faster and better ships to the port of New York City. This is especially true of what is known as the prepaid traffic. Here is a matter that I call to the attention of the Immigration Commission for their investigation.

There is not a single passenger carried between this country and Europe, not a single pound of freight carried between this country and Europe by any regular line, for the carrying of which there is the slightest competition. The price is fixed in advance at Jena, Germany, for the carrying of every passenger and for the carrying of every pound of freight.

Mr. GARRETT. I think it is fair to state that it has been testified before the Steenerson Committee, as the gentleman calls it, that the testimony shows that in the days when there was a subsidized line running to South America the freights were 60 per cent higher than they are now.

Mr. HUMPHREY, of Washington. I will come to that later. If such testimony has been given it is misleading entirely. It is not a question anyway of freight rates particularly that I am discussing now, it is a question of combinations and pools, to which the entire commerce of this country is subjected; there is no dispute about this being true. I want to take this occasion now to say to the members of the Rules Committee that I undertake to furnish them full and satisfactory evidence of every statement that I shall make on the floor to-day, and what I do not have in the shape of records I will furnish them by witnesses. I will now take up the trade to South America to which the gentleman from Tennessee refers.

BETWEEN HERE AND SOUTH AMERICA.

The main conferences between here and South America are the river Platte, Central Brazil, North and South Brazil, and Minor Brazil conferences. The names of the various lines composing these conferences and the amount of rebate paid by each is set forth in volume 2, appendix 1, page 8, of the "Royal Commission Report on Shipping Rings." This I will publish with my remarks. (See Exhibit A.)

These particular conferences usually pay rebates of from 5 to 10 per cent, and the time is from 6 to 18 months—on the same conditions as the other "conferences" heretofore mentioned. Most of their contracts have in them a condition to the effect that these rebated must be paid to some representative in Europe.

The principal lines in these South American "conferences," running from the United States to South America, are the Lampert & Holt, Hamburg-American, Quebec, Royal Dutch West India Mail, Trinidad Shipping & Trading Co., Brazilian Lloyd, Prince, Booth, Barber, Howard, Houlder & Partners, Norton, and Houston Lines.

The lines running between United States and South America in these various conferences consist of slow and antiquated vessels, out of date in every respect, and used on these lines largely because of the fact that they can no longer be used in the trade between Europe and South America.

The Lampert and Holt Line has one vessel that makes about 13 knots an hour. This is the finest vessel running between here and South America—the vessel that these foreign lines have advertised so extensively. This vessel will run from Buenos Aires to New York in from 25 to 30 days in ordinary weather. This crack vessel of the South American conference is of a character on which the ordinary American citizen would not travel except as a matter of necessity.

The service between Europe and South America is incomparably better than the service between the United States and South America—and let it be remembered that the service between this country and South America and between Europe and South America is furnished by the same combination of foreign ships belonging to the same foreign countries. But, for the slow and inadequate service in inferior ships between this country and South America, the freight and passenger rates are considerably higher than they are between South America and Europe, in modern and up-to-date vessels.

Let me give some facts as to the service we have been hearing so much about in the newspapers between here and South America, and that the gentlemen, some of them, before the Steenerson committee have been praising.

The freight rate between this country and South America, in these antiquated and slow vessels, discarded from other trades, is the highest ocean rate in the world.

It takes from one to three months to get a newspaper from the United States to South America, and, even in this slow service there is no regularity whatever. To illustrate: McClure's Magazine for January, February, and March, 1910, all arrived at Buenos Aires at the same time—the last of April.

It takes from three to eight months to get an order from South America and to have the goods delivered to that country to fill the order.

But prompt and regular delivery is made between Europe and South America, both mail and freight, and these discriminations against the United States in favor of Europe, let us not forget, are made by the same lines of foreign ships.

Much of the goods from Bahia to New Orleans are sent via Europe because of rapid and certain service.

Now, I think it is fair that I should state that in the evidence before this royal commission, and also before what is known as the Steenerson committee, it has been stated that the rebate system between here and South America and the conference combinations no longer exist. But in reading through these various documents and in reading the evidence before the Steenerson committee you will find that, as a matter of fact, they do still exist, but that it is done in secret, or that the rebates are paid in Europe. One witness, as I recall, before the Steenerson committee, testified that he had received \$28,000 in rebates, and he also furnished the committee with a copy of his rebate contract, which I will also insert in the Record. (See Exhibit D.) If any man thinks that the rebate system has been abolished between here and South America let him read this contract. As throwing considerable light upon this question, I want to read from a report made to the royal commission at the request of the ambassador to this country, Mr. James Bryce, by the consul, Mr. Clyde Bailey, of New York. I read from Volume II of Report of Royal Commission on Shipping Rings, page 227:

"That shipping rings or conferences exist is an open secret, and the following list reveals the fact that their operations affect all the principal foreign trade routes from this port.

"In most instances both the shipowners and shippers deny that any rebates are granted, and though technically correct, such reimbursements can generally be found concealed under such heads as 'advertising' or 'brokerage.'

"The object of these rebates is no doubt to stifle competition, as it would be difficult, if not impossible, for any independent line to give service equal to the frequent sailing of the ring and quote rates at least 10 per cent below the conference rates or give the equivalent rebate.

"Inquiries which have been made tend to show that though discrimination in rates is granted, the system does not appear to be in force to any great extent, excepting in the case of gigantic corporations such as the Standard Oil Co. and the United States Steel Corporation, both of whom are in a position to dictate their own terms on the threat of giving their business to competing companies or of chartering their own tonnage. It is possible and even probable that other large shippers are occasionally favored in this manner, but all such transactions are disguised under some other name."

But to return to the South American trade and to show the infamous discrimination of these foreign ships against us, consider these further facts:

Of the 38 mail steamers due to arrive at Buenos Aires during the last day of April and the month of May, 1910, but 1 was from the United States, and that the English vessel *Verdi*. Of 45 freight vessels due from foreign ports for the same period, 4 were from the United States. Of the 35 mail vessels due to sail from Buenos Aires for the same period, only 1 of these—the British steamer *Voltaire*—was bound for the United States, and of the 38 freight vessels due to depart from Buenos Aires, only 2 were bound for the United States. All the other vessels due to arrive and depart were either from or to Europe, with the exception of 3 to local ports.

This shows, in striking contrast, the difference between the service furnished by these "conference" lines to Europe—the home of these lines—and to the United States.

Under such conditions, is it any wonder that practically all the passenger traffic between here and South America is by the way of Europe? Is it any wonder that a thousand people from South America go to Europe where one comes to the United States? Is it any wonder that of the great trade of South America the share of the United States is insignificant? Is it any wonder that many American manufacturers have been compelled to establish factories in Europe to make their goods in order that they may reach the South American markets? Is it any wonder that these foreign steamship trusts have succeeded in practically driving the United States out of the South American trade for the benefit of the foreign countries under whose flags they operate?

A short time ago two or three other gentlemen and myself, in public speeches in the city of New York, spoke of the inadequate and abominable service between here and South America. I also wrote an article that was published in Pearson's Magazine in which I referred to this condition. In order to attempt to conceal from the American people the truth in relation to this service, the representatives of the Lamport & Holt Line—Messrs. Buck & Daniels—wrote a letter that was misleading, and in which many of the facts were suppressed and distorted. This letter was presented to certain con-

cerns in New York who ship goods between New York and South America and who have rebate contracts with this line. These same shippers were compelled to sign this letter—one of the signers testified that they had received rebates from this line for the past year in the sum of more than \$28,000. After these shippers, who were receiving these rebates, were coerced into signing this letter, it was given to the advertising agent of the conferences controlling the lines running between this country and South America, and by him sent out to the various newspapers in the United States that carry advertising of these foreign lines, with the request that it be published and that comment be made, and with this request was sent a renewal of the advertisement in some of these papers. Even so great and so conservative a paper as the Post, of Washington, D. C., was deceived and trapped by this letter, and published a portion of it with favorable editorial comment.

Let me add that this system of rebates, conferences, and pools is not prohibited by law in England or Germany, or by any other country of Europe, but is recognized and upheld by the law; therefore, in the testimony given before the royal commission they testified without reservation as to those countries, but when it came to the United States, they either said the system had been abolished, as they understood, or that it was carried on under cover, and in some instances they refused to testify because they claimed it would expose trade secrets.

Mr. ESCH. Will the gentleman yield for a question?

Mr. HUMPHREY, of Washington. Certainly.

Mr. ESCH. If the world's commerce is pooled through conferences, and America should establish a mail line to South America under the subsidy bill which the gentleman has introduced, how could the American lines live under the possible competition of these conferences and pools? Would not the American lines have to come to Congress for an increase from time to time?

Mr. HUMPHREY of Washington. I doubt if the gentleman's hypothesis is true. In the first place, if they were run under a mail contract, we would have complete control over them, and if they enter into these pools or conferences, the contract should be canceled. If we had a single line of vessels running between here and South America which we could control, it would, to a great extent, destroy these combinations and conferences, for they would have to cut rates and carry the traffic at the same rate as the American ship. This reduction in rates would pay this country many times over what it would give these vessels for carrying the mails.

Mr. MORSE. If the gentleman will allow me, what would prevent that line of vessels owned by the Americans from entering into the agreement with these people?

Mr. HUMPHREY of Washington. What would prevent it would be our law and the authority vested in our courts. We can control our own lines. I do not want the gentleman to understand that I am defending American lines if they belong to these combinations. I believe that the American lines running across the Atlantic Ocean that are receiving mail subsidies from this Government are in these conferences. I have no direct evidence on that particular point. The evidence that I have is indirect, but I believe it is true.

Mr. MORSE. You would cut off the subsidy?

Mr. HUMPHREY of Washington. Yes; certainly.

WEST COAST OF SOUTH AMERICA.

The lines running between this country and the west coast of South America belong to what is known as the west coast of South America conference. It practices the same system of discriminations and rebates as the others that I have described, and, according to the statement published in this report of the royal commission, the amount of rebate paid is from 5 to 10 per cent. The service furnished by this conference is even worse, if possible, than that furnished between this country and the east coast of South America.

The chairman of this particular conference in New York is Mr. George L. Duval. This gentleman has never failed to appear before the Merchant Marine Committee of the House of Representatives to oppose any legislation that had for its purpose the assisting of our merchant marine, and he has always brought with him to help oppose such legislation his hired attorney, Mr. J. Hampden Dougherty.

SOUTH AFRICAN CONFERENCES.

The lines running between here and South Africa are formed into what is known as the South African conference. They practice exactly the same methods and systems as the conferences between this country and South America. The lines in this con-

ference are always careful that competitive products of the United States, regardless of distance or other advantage, shall not be carried for less than the same products are carried from Europe.

ON THE PACIFIC.

On the Pacific Ocean all the foreign vessels are formed into combines and conferences, the same as they are on the Atlantic. All agree on freight rates. There is absolutely no competition. All of them give rebates and other advantages to their patrons. The Japanese, English, and German lines are the principal lines in the conference on this ocean. The Japanese lines seem to largely control this conference on the Pacific, as the German lines control the conferences on the Atlantic.

However, evidence of the details of the workings of those lines is not very complete. The investigation to which I have referred does not cover these lines so thoroughly. These conferences on the Pacific control shipping of all ports on that ocean, including the Philippines.

The American ships on the Pacific Ocean in the transoceanic trade are probably parties to these Pacific conferences.

Not only do these conferences control rates on the Pacific Ocean and give rebates, but, by a contract between the transcontinental railways of this country and these conferences, controlled by Japanese lines, these Japanese lines fix the freight rates not only on the Pacific Ocean, but in the United States on the railways. Japanese foreign steamship lines to-day absolutely dictate the freight rates from any portion of the United States to and from Pacific ports anywhere on that ocean. These contracts have been made with the great transcontinental railway lines and extend over a period of years. The Great Northern, the Northern Pacific, the Milwaukee, and other lines running to Seattle have traffic agreements of this character with the Japanese lines that come to that port. The railroad lines running into San Francisco have similar arrangements with Japanese lines running to that port.

On the Pacific Ocean there is also a combination or conference of the sailing vessels of England, France, and Germany, representing practically all the sail tonnage on the Pacific Ocean. This conference is known as the Sailing-Ship Owners' International Union. Its agreements are printed in this report of the royal commission. I shall print it again in the Record. (See Exhibit C.) The purpose of this combination, as declared in its rules, is to raise freight rates from the Pacific coast of America to Europe. No attempt is made to control the rate from Europe to America. This combination has succeeded in its purpose, for, since it was formed about five years ago, it has increased freight rates from the Pacific ports of this country to Europe more than 500 per cent.

Mr. COOPER of Wisconsin. Will the gentleman tell us who increased the freight rates 500 per cent, as he just stated?

Mr. HUMPHREY of Washington. These lines that run between the Pacific coast and the ports of Europe, that comprise this conference. To give you an illustration:

Last summer ships belonging to this combine came from Europe to Seattle carrying a cargo for \$1.25 per ton. These same ships refused to take a return cargo over the same course for less than \$6.90 per ton. Failing to get a cargo at this price, they sailed away in ballast. They were compelled to do this, for that was the minimum price fixed by the conferences; and if they had carried a cargo for any less, they would have been subject to a fine of 5 shillings per ton upon the dead-weight capacity of the vessel. When this combination was formed they were carrying wheat from Seattle to Liverpool for \$1.25 per ton. They immediately raised it to \$5.62 per ton, and recently to \$6.90.

I trust that Members of this House will not forget and that the American people will not forget that these foreign ship combinations on both the Atlantic and Pacific, everywhere, constantly discriminate against this country in favor of the country whose flag they fly.

The answer to this statement has always been to dispute it. The truth can not, however, be longer denied. Here is the published evidence in the report of this royal commission, complete and undisputed, given by the parties who have practiced these discriminations.

It is natural that these discriminations should be practiced. We have no one to blame but ourselves that these things are done. That we patiently permit these discriminations against our country is a national disgrace, a reflection on the patriotism and the intelligence of Congress.

AMERICAN LINES.

As already stated, the American lines on the Pacific in all probability have joined with the foreign lines and have entered the different conferences. Although the evidence given before the royal commission, so far as I have been able to ascertain,

is not conclusive that the American lines on the Atlantic Ocean are parties to any of these conferences; yet from this and other information that I have received from other sources, I am strongly inclined to believe that the American lines running between this country and Europe, notwithstanding that they are receiving mail subsidies, are parties to these conferences. It may be that these American lines will plead self-defense in becoming parties to these combines, and it may be that this plea is true—and I believe, personally, that it is true—but nevertheless I do not believe that this should be permitted by this Government. [Applause.] If it is persisted in by the American lines running under the provisions of the ocean mail act of 1891, I think that the contract with them should be canceled. This Government ought never, under any circumstances, be a party, however indirect, to any such methods. [Applause.] The mighty power of the Government should be exerted to any extent necessary to end this infamous system that is destroying our commerce and has driven our flag from the sea. [Applause.]

Mr. MORSE. Mr. Chairman, I am greatly interested in this matter, and I am not asking questions in the spirit of criticism. I am wondering if the gentleman thinks that a ship subsidy would tend to break up this combination, if given to American lines of ships.

Mr. HUMPHREY of Washington. I have answered that, I think. That it would have a great tendency to do it there can be no question, because, if we had only one line running from here to South America or across to the Orient, the Government could control it, and this would compel all of the lines to lower freights, or the American ships would carry so much of the business that they would not need any Government aid. If the conference lines attempted to drive it out by reducing rates this would save our country for more than any subsidy we might pay.

Mr. GARRETT. But the very meat of the suggestion of the gentleman from Wisconsin was that by virtue of the power of this combination and the tremendous wealth behind it, they could outbid any subsidy.

Mr. HUMPHREY of Washington. I do not think the gentleman is right in that, but I do not hesitate to say that under this system of conference, this mighty combination, that no power is strong enough except that of the Government to break it. But the Government can do it, and it would be a most profitable thing for it to do it. This Government can not afford to be at the mercy of these foreign Ship Trusts in time of peace and much less in time of war. Private lines can not compete with this giant monopoly of the sea, but the Government can, and it must. No American with a drop of red blood in his veins will contend that we stand helpless before this combination of foreign ships. [Applause.] It is our duty to find the remedy and apply it. [Applause.]

ONE THING THAT ALL LINES DO.

All these conferences of foreign ships on both the Atlantic and Pacific give special rates and special privileges to certain great American trusts. This appears again and again in the evidence contained in this report on "shipping rings."

I might say, by way of parenthesis, that I was talking only a few days ago to a representative of another steel company in this country, and he was complaining that they just had an opportunity to bid for bridge work in Japan, but it was absolutely impossible, because they could not meet the steel Trust competition. When I called his attention to the preference given it in the way of rates by foreign steamship lines, he said he understood why, for the first time, that they could not meet them in foreign countries. The great trusts thus specifically mentioned are the Standard Oil Co., the Steel Trust, and the Harvester Combine—and this latter combine appears more frequently in the evidence than any other. These foreign steamship combinations by this favoritism have made it impossible for any American rival to compete with these industrial giants in any foreign market. In this and in a thousand other ways these foreign trusts—these foreign ships—have nullified and violated the antitrust laws of this country. Shall we permit these foreign trusts, without protest, to continue to violate our laws?

THE GREATEST TRUST IN THE WORLD.

The Hamburg-American Packet Co. is the greatest power in the most gigantic trust, combine, and monopoly that exists in the world. All the different combines and companies on the Atlantic Ocean, while they divide up the field and parcel out the territory, are also under one gigantic working scheme and have a common understanding. The head of this greatest of all trusts is the Hamburg-American Line. It is also probable that this line exerts, together with Japan, a controlling interest in all the Pacific conferences. It has often been claimed that the Hamburg-American is not a subsidized line—a statement true in the letter and false in the fact. It is beyond

question, all things considered, the most heavily subsidized line in the world, with the possible exception of some of the Japanese lines. The Hamburg-American Line has a one-third reduction of freight received from 20,000 miles of Government-owned railroad in Germany. This line has the influence and the wealth of the German Government back of it. It stands for the German Empire. The German Emperor is reputed to be a heavy stockholder in this company. The Hamburg-American is the favored child of the German Empire. Why should this great monopoly, that absolutely dictates the freight rates on the entire Atlantic Ocean, have a direct subsidy paid to it by the German Government? One of its subsidy companies, however, the North German Lloyd, does receive a direct subsidy from the German Government of \$1,385,000 a year for its East Indian and Australasian service alone.

If this giant monopoly is losing money, all it has to do is increase freight rates on the commerce of this country. This it has done and is doing. The earnings of this mightiest of all monopolies is probably not less than 25 per cent annually. This vast tribute to make this vast profit comes mostly from the American people. The ingenuity of man can not invent a reason why an absolute monopoly that absolutely controls more than half the commerce of the world should be paid a direct subsidy.

The head of this world-wide trust is Herr Ballin, by common consent the most influential man in Germany, excepting only the Emperor himself. Herr Ballin to-day sits in Germany and absolutely fixes the price that the American merchant, the American manufacturer, and the American farmer must pay on every pound of freight he sends to Europe or to South America. He absolutely dictates the amount of money that any American citizen must pay to visit Europe or to visit South America.

Herr Ballin and Herr Boas, the general manager of this company in this country, have frequently, through the American newspapers, denounced the efforts made by the American Congress to do something to assist in building up our merchant marine. Herr Ballin came to this country a few years ago and made a speech to American business men in New York City, insisting that America should permit Germany to carry her commerce on the seas. He and his New York representative, Mr. Boas, have attacked and denounced any legislation looking to the upbuilding of our merchant marine. They have opposed the ocean mail act of the majority and the discriminatory duty plan of the minority.

The hired representative of Herr Ballin and his interests is here in Washington to-day on the staff of the Associated Press, the greatest news-gathering agent in the world. This gentleman's name is Mr. J. J. Wilbur, and when you remember how close the German merchant marine is to the Germany navy it is at least suggestive that this representative of this giant foreign steamship trust should also be the representative of the Associated Press assigned to our State, War, and Navy Departments.

When he was on the witness stand the other day he refused to testify as to the amount of money that he was being paid for this service. The next day after that Mr. Boas, of New York, was upon the witness stand, and he testified that Mr. Wilbur's compensation was \$3,000 a year. What does he do? What are the services that he renders this company?

This is the Herr Ballin whose company voluntarily withdrew two of its fastest and best ships and sold them to Spain to sink, burn, and destroy American commerce.

This is the man and this is the company that to-day absolutely dictate how and on what terms this great nation shall transport \$3,500,000,000 worth of commerce annually. This is the man whose company, when sued by American citizens for rebating and pooling and combining to destroy competition, answered that his was a foreign corporation, and he would do as he desired.

All this is done so far without complaint and without protest on our part, and this while the whole country is filled with the sound and fury of the verbal battle to exterminate comparatively small trusts and combines at home.

No wonder that we are to-day, in our trade relations with other nations, considered as the blind and strutting fool of the world. [Applause.]

UNDISPUTED PROPOSITIONS.

The following propositions I challenge any man to deny or refute:

First. That 90 per cent of our commerce is carried by a giant monopoly composed of foreign ships, among which there is not the slightest competition.

Second. That these lines constitute a complete monopoly of the sea, and that these lines are, each and all, pledged to stand together to destroy any competitive line that may attempt to enter the field.

Third. That there is not a regular line of foreign vessels carrying our commerce but what is in a trust, conference, or pool that agrees on freight rates and gives rebates or other preferences.

Fourth. That there is not a single foreign vessel engaged in carrying our commerce but what discriminates against products of this country whenever and wherever these products compete with the products of the country whose flag the vessel flies.

Fifth. That the service between this country and South American ports is grossly inadequate and grossly discriminatory against this country in favor of the countries of Europe.

Sixth. That there is not a line of foreign vessels engaged in carrying our commerce on either ocean but what gives special rates and other preferences to the Standard Oil Co., the Steel Trust, and the Harvester combine.

Seventh. That these combinations dictate freight rates to and from interior points, and that they dictate the ports through which interior freight shall pass.

Eighth. That many of the lines in these combinations, trusts, and conferences have large property holdings in this country, consisting of terminals and other property, and are represented in this country by local agents.

Ninth. That many of the lines in these combines are receiving subsidies and other assistance from their governments and are performing government functions and form part of the naval auxiliaries of the various nations.

Tenth. That there is a combination between transcontinental railways of this country and Japanese steamship lines that fix the rate on oriental freight, both on land and on sea.

These are the facts, to-day admitted by all and known by all who have given the matter attention. So well are these facts known by the other nations of the world that they do not even excite comment.

The fact that these things have never been fully published in the press of this country is one of the highest tributes to the power and influence of these great combinations. What method they have used to suppress these facts is something that so far has not been made public. Let me repeat, that I stand ready to furnish evidence to establish each statement I have made.

THE REMEDY.

What are the American people going to do? They will not longer submit to these conditions when once the facts are known—as soon they must be. These foreign ships discriminating against American products are largely controlled, if not actually owned, by foreign governments. The Hamburg-American Co., for illustration, is practically a part of the Government of Germany. Yet these foreign steamship companies are discriminating against this country in favor of Europe particularly. This is strongly shown by the discrimination between this country and South America in favor of the European countries.

The important question is, Is not this discrimination practiced by these foreign steamship companies, under or controlled by foreign governments, a violation not only of the letter but of the spirit and the intent and the purpose of commercial treaties with those countries? Under these conditions should we hesitate to abrogate these treaties?

Again, by the giving of rebates to shippers in this country and by the giving of special rates to particular great interests in this country, are not these combines violating our laws? Shall we have one law for the American trust and another law for the foreign trust that is trading within our borders?

One thing is certain—that this country can never have its fair share of the commerce of the world until these combinations of foreign steamships are destroyed. It is also certain that no power but that of the Government is strong enough to destroy them.

This is not a party question; it is one of national prosperity, of national pride, and of patriotism. Let us forget politics and party and, remembering only the flag and our country, join hands to fight for what is justly ours. [Applause.]

I think that we should immediately appoint a joint committee to investigate this subject; to secure the facts; to report what should be done; to report whether or not the action of these foreign combines is in violation of our treaties and our laws; and to report as to the methods practiced and followed by them.

In my judgment this is one of the most important matters before the country to-day. Further than this, I think we should at once proceed to enact retaliatory legislation. I believe we should increase the tariff 10 per cent on all goods carried in any foreign ship to this country that is in any conferences or other combines whereby freight rates are fixed and agreed upon.

I believe that we should prohibit any foreign line that gives rebates or special privileges from carrying goods to or from our ports, except to and from the ports of the country to which such line belongs.

I believe that any line of American ships that is giving rebates or that is in any "conference" where freight rates are agreed on, unless they immediately withdraw

from such conference, should have canceled by the Postmaster General any contracts that this Government may have with them under the law of 1891. [Applause.]

I have introduced a resolution for the appointment of such a commission and a bill of the character I have suggested. I trust that I may have the support of both parties on each of these measures.

We have done much to destroy monopolies, trusts, and combines here at home on the land that have been preying on the people. Let us sign a new declaration of independence and determine that we will be free from the greatest of them all, the foreign ship combination, that absolutely dominates our trade on the sea. [Applause.]

MR. SHARP. Mr. Chairman, I have been greatly interested in the gentleman's revelations here, which have, I think, indeed, been revelations to all of the Members of this House, and they prompt me to ask this question: If his statement to the effect that rebates had been given to the great combinations in this country does not explain very largely the fact that there has been no incentive upon the part of money interests in this country to build separate, independent, and competing merchant marine of their own? In other words, have they not been sufficiently sugared from time to time by this great shipping trust abroad so that there remains no reason for their going into the ship business?

MR. HUMPHREY of Washington. I think probably the best answer to that is the answer that appears in many places in the evidence taken before the Royal Commission. When they were asked why this was done they said that these combinations in America and one combination in Canada were so strong that they could dictate the rates themselves, and if they did not do it they would probably start their own lines.

MR. NORRIS. Will the gentleman yield?

MR. HUMPHREY of Washington. Certainly.

MR. NORRIS. I noticed the gentleman stated, in reference to the Hamburg-American Line, that it was practically owned by the German Government, or something to that effect?

MR. HUMPHREY of Washington. Yes; very largely.

MR. NORRIS. I want to ask the gentleman if this line is a corporation organized under some law in Germany?

MR. HUMPHREY of Washington. I am not sure as to that, but I think so.

MR. NORRIS. In what way does the German Government own the line? I want to know whether it owns the line itself or whether as a matter of fact it is a stockholder in the corporation which does own the line.

MR. HUMPHREY of Washington. I will say to the gentleman I find the same difficulty that one of the witnesses who testified before this Royal Commission found in relation to this question when he replied that he found it was very difficult to find out in regard to the exact status; that it was carried on secretly; that they gave rebates over the railroads, and it was generally supposed that the German Government owned a large portion of the stock. The exact facts you can not ascertain.

MR. BARCHFIELD. If the gentleman from Washington will permit, I will answer the gentleman by stating that the Hamburg-American Co. was founded and supported by direct subsidy of the German Government, agreeing to guarantee to pay the interest on the bonds of that corporation if it was formed.

MR. NORRIS. Do they own some of the stock?

MR. BARCHFIELD. The German Emperor is a stockholder in the corporation himself.

EXHIBIT A.

[Extract from Royal Commission on Shipping Rings, vol. 2, pp. 3-11m, inclusive.]

SUMMARY OF CONFERENCES AND REBATE SYSTEMS.

[NOTE.—This summary is compiled from such information as was available to the commission; but as the personnel and conditions of conferences may vary from time to time, it is not necessarily either a complete or entirely correct record of conferences at the present date. The object of this appendix is to show the world-wide application of the system of conferences and deferred rebates.]

SOUTH AFRICAN OUTWARD CONFERENCE.

Area: The trade from ports in the United Kingdom and Continent to ports in South Africa (including Delagoa Bay).

Personnel: 1. Union Castle Mail Steamship Co. (Ltd.) (Donald Currie & Co.). 2. Bucknall Line (Sir J. Ellerman). 3. Clan Line Steamers (Ltd.) (Cayzer, Irvine & Co.). 4. Ellerman-Harrison Line (Ellerman Line, T. & J. Harrison). 5. Houston

Line (R. P. Houston & Co.). 6. Natal Direct Line (Bullard, King & Co.). 7. Aberdeen Direct Line (John T. Rennie, Son & Co.). 8. German East African Line, from continental ports only. 9. German Australian Line, from continental ports only.

Conditions: Amount of rebate, 5 per cent; periods, six months for account and six months for deferment; by agreement of 27th January, 1898, it was agreed by the conference lines that shippers compelled, under the instructions of a client, to ship their goods by an opposition steamer, should not lose their right to rebates on their other shipments.

SOUTH AFRICAN HOMeward CONFERENCE.

Area: The trade from ports in South Africa (including Delagoa Bay) to ports in the United Kingdom and Continent, United States, and Canada.

Personnel: 1. Union Castle Mail Steamship Co. (Ltd.). 2. Natal Direct Line (Bullard, King & Co.). 3. Aberdeen Direct Line (J. T. Rennie, Son & Co.).

Conditions: Similar to those in South African outward conference.

MINOR SOUTH AFRICAN CONFERENCES.

Norway and Swdean to South Africa—Personnel: 1. Swedish South African Line. 2. East Asiatic Line, of Copenhagen.

Conditions: Amount of rebate, 10 per cent; otherwise conditions practically the same as in main South African conference.

United States to South Africa—Personnel: 1. Union & Clan Line (Union Castle Line, Clan Line). 2. American & African Line (Bucknall Line). 3. Prince Line (James Knott). 4. Houston Line (R. P. Houston & Co.). 5. Hansa Line, of Hamburg.

Conditions: No deferred rebate system since 1903.

South African Coastal Conference: 1. From Cape Colony, westward—Personnel: 1. Union Castle Mail Steamship Co. (Ltd.). 2. Bucknall Line (Ellerman). 3. Houston Line (R. P. Houston & Co.). 4. Natal Direct Line (Bullard, King & Co.). 5. Aberdeen Direct Line (J. T. Rennie, Son & Co.). 6. Deutsche Ost-Afrika Linie, of Hamburg. 7. Messrs. Thesen & Co., of Cape Town.

Conditions: Amount of rebate, 10 per cent; periods, six months for account and six months for deferment.

2. From Cape Colony, eastward—Personnel: 1. Union Castle Mail Steamship Co. (Ltd.). 2. Clan Line (Cayzer, Irvine & Co.). 3. Bucknall Line (Sir J. Ellerman). 4. Ellerman-Harrison Line (Ellerman Line, T. and J. Harrison). 5. Houston Line (R. P. Houston & Co.). 6. Natal Direct Line (Bullard, King & Co.). 7. Aberdeen Direct Line (J. T. Rennie, Son & Co.). 8. Deutsche Ost-Afrika Linie, of Hamburg. 9. Deutsche Australische Line, of Hamburg. 10. Messrs. Thesen & Co., of Cape Town.

Conditions: Amount of rebate, 10 per cent; periods, six months for account and six months for deferment.

South Africa and Calcutta—Personnel: 1. Messrs. Bullard, King & Co. 2. British India Steam Navigation Co.

Conditions: Amount of rebate, 10 per cent; periods, six months for account and six months for deferment.

South Africa and Mauritius—Personnel: Union Castle Mail Steamship Co. (Ltd.).

Conditions: An extra rate of 5s. a ton on all shippers who refuse to bind themselves to exclusive shipments by conference line for a fixed period.

WEST AFRICAN CONFERENCE.

Area: The trade between the United Kingdom and the continent and the west coast of Africa as far south as and including Tiger Bay.

[NOTE.—According to the circular issued by the Woermann Line, continental ports west of Havre are not included in the conference area. This discrepancy was believed by Mr. Zochonis to be due to a clerical error.]

Personnel: 1. African Steamship Co. (Elder, Dempster & Co.). 2. British & African Steam Navigation Co. (Elder, Dempster & Co.). 3. Woermann Line, of Hamburg. 4. Hamburg-American Co., of Hamburg. Lines 1 and 2 are exclusively entitled to the trade from the United Kingdom to West Africa and have equal rights with 3 as regards sailings from German and other continental ports.

Conditions: Amount of rebate, 10 per cent; periods, six months for account and six months for deferment. Rebate on all shipments outward, but only on palm oil and palm kernels homeward; but loyalty is required on other goods. Rebate to be claimed within 12 months of shipment, and to be claimed by, and is only payable to, the prin-

cipal, i. e., merchant who is the owner of the goods. Crown agents are treated as principals in respect of Government goods. Disloyalty on outward shipments involves forfeiture of rebates on homeward shipments and vice versa.

AUSTRALIAN CONFERENCE.

Area: The trade from ports in the United Kingdom to ports in New South Wales, Victoria, South Australia, West Australia, and Queensland, by steamers or sailing vessels.

Personnel: 1. Peninsular & Oriental Steam Navigation Co. 2. Orient & Royal Mail Line. 3. Messageries Maritimes, of Paris. 4. Messrs. Anderson, Anderson & Co. 5. Messrs. Aitken, Lilburn & Co. (sailing-ship owners). 6. Messrs. Bethell, Gwyn & Co. 7. Messrs. Birt, Potter & Hughes (Ltd.). 8. The Colonial Line (Tyser & Co.). 9. Messrs. Devitt & Moore. 10. Messrs. James Dowie & Co. 11. Messrs. Gracie, Beazley & Co. 12. Messrs. F. Green & Co. 13. Messrs. Houlder Bros. & Co. 14. Messrs. Ismay, Imrie & Co. (White Star Line). 15. Messrs. Thomas Law & Co. (sailing-ship owners). 16. Messrs. W. Lund & Sons (Blue Anchor Line). 17. Messrs. W. Marden & Co. 18. Messrs. McIlwraith, McEacharn & Co. 19. Messrs. Marwood & Robertson. 20. Messrs. W. Milburn & Co. (Milburn Line). 21. Messrs. G. Thompson & Co. (Aberdeen Line). 22. Messrs. Trinder, Anderson & Co. 23. West Australian Steam Navigation Co. 24. Ocean Steamship Co. (from Glasgow only). 25. British India Steam Navigation Co. (to Queensland only). 26. Australian Mutual Shipping Co. (to Melbourne, Sydney, and Newcastle, N. S. W., by sailing ships). The conference is known as the Australian Associated Owners and Brokers and is a conference of shipowners and loading brokers.

Conditions: Amount of rebate, 10 per cent; periods, six months for account and six months for deferment. Rebate to be claimed within three months of date on which it is due.

TASMANIAN CONFERENCE.

Area: The trade from the United Kingdom to Tasmania direct or via Australia, by steamers or sailing vessels.

Personnel: Messrs. F. Green & Co.; Messrs. Staley, Radford & Co.; the Australian Associated Owners and Brokers (via Australia in transit).

Conditions: Amount of rebate, 10 per cent; periods, six months for account and six months for deferment. Claim to be made within three months of date when rebate falls due.

WESTERN AUSTRALIAN CONFERENCE.

Area: The trade from ports in United Kingdom and Continent to Western Australia, by steamers or sailing vessels.

Personnel: 1. Peninsular & Oriental Steam Navigation Co. 2. Orient & Royal Mail Line. 3. West Australian Steam Navigation Co. (only via Singapore). 4. Messrs. Trinder, Anderson & Co. 5. Messrs. Bethell, Gwyn & Co. 6. Messrs. W. Marden & Co. 7. Messrs. Anderson, Anderson & Co. 8. Messrs. Birt, Potter & Hughes (Ltd.). 9. Messrs. T. Law & Co. (from Glasgow only). 10. Messrs. J. Dowie & Co. (from Liverpool only). 11. Messrs. Ismay, Imrie & Co. (from Liverpool only). 12. Messrs. Marwood & Robertson (from Liverpool only). 13. Ocean Steamship Co. (only via Singapore). 14. Nord Deutscher Lloyd, of Bremen. 15. German Australian Co., of Hamburg. 16. Messrs. August Blumenthal & Rob. M. Sloman, jr., of Hamburg. 17. Messageries Maritimes. Nos. 14, 15, and 16 are allowed to ship from continental ports goods not manufactured in or shipped from the United Kingdom.

Conditions: Amount of rebate, 10 per cent; periods, six months for account and six months for deferment. Claims to be presented within three months of date when rebate falls due.

AUSTRALIAN COASTAL CONFERENCE.

Conditions: Periods, six months for account and six months for deferment.

NEW ZEALAND CONFERENCE.

Area: From ports of the United Kingdom to New Zealand.

Personnel: 1. New Zealand Shipping Co. 2. Federal Steam Navigation Co. 3. Shire Line (Turnbull, Martin & Co.). 4. Tyser Line (Tyser & Co.). 5. Shaw, Savill & Albion Co. (Ltd.), of London. 6. Ismay, Imrie & Co. 7. Gracie, Beazley & Co.

Conditions: Amount of rebate, 1s. to 2s. 6d. per ton; periods, graduated allowances per ton are made on shipments amounting to 300 tons and over shipped during certain periods. Claims made up every six months, payable six months after.

FAR EAST OUTWARD CONFERENCE.

Area: The trade from United Kingdom, Belgium, and Holland to the Straits Settlements, Malay Peninsula, Siam, Philippine Islands, Hongkong, Kiaocho, Port Arthur, Wei-hai-wei, China, Japan (including Formosa), and Korea.

Personnel: 1. Peninsular & Oriental Steam Navigation Co. 2. Ocean Steamship Co. (Alfred Holt & Co.). 3. Messageries Maritimes, of Paris. 4. Nord Deutscher Lloyd, of Bremen. 5. Nippon Yusen Kaisha. 6. Glen Line (McGregor, Gow & Co.). 7. Shire Line, T. & J. Brocklebank (Ltd.), Royal Mail Steam Packet Co.). 8. Ben Line (William Thompson & Co.). 9. Shell Line. 10. Mutual Line (Alfred Holt & Co.). 11. Mogul Line (Gellatley, Hankay & Co.).

Claims to rebates are not invalidated by: 1. Shipments of pig iron from Middlesbrough to Japan by the Hamburg-American Co. 2. Shipments from Middlesbrough to Siam by the East Asiatic Co., of Copenhagen. 3. Shipments from Antwerp by the East Asiatic Co., of Copenhagen, and the Russian East Asiatic Steamship Co., of St. Petersburg. 4. Shipments from Antwerp, Rotterdam, and Amsterdam by the Hamburg-American Co. 5. Shipments from Antwerp to Port Arthur by the steamers of Eugen Cellier and H. W. Dieckmann, jr., of Hamburg. 6. Shipments from Rotterdam and Amsterdam by steamers of the Stoomvaart Maatschappij Nederland and cargo steamers of the Rotterdam Lloyd. 7. Shipments of general cargo by the Compania Transatlantica to the Straits Settlements and the Philippine Islands. 8. Shipments by any mail line under the auspices of the Belgian Government.

Conditions: Rebate, 5 per cent, payable at the end of six months and 5 per cent at the end of 12 months. Claims to be sent in within three months from date on which payments become due and signed by the merchant owning the goods. On shipments from Birkenhead, an extra rebate of 5 per cent is given at time of shipment.

FAR EAST HOMEWARD CONFERENCE.

Area: The trade from China, Hongkong, and Japan to Europe (except Black Sea ports) or to ports via Europe.

Personnel: 1. Peninsular and Oriental Steam Navigation Co. 2. Ocean Steamship Co. (Alfred Holt & Co.). 3. Messageries Maritimes of Paris. 4. Nord Deutscher Lloyd, of Bremen. 5. Austrian Lloyd. 6. Navigazione Generale Italiana (Florio and Rubattino United Companies). 7. East Asiatic Company, of Copenhagen. 8. Russian East Asiatic Company, of St. Petersburg. 9. Nippon Yusen Kaisha. 10. Glen Line (McGregor, Gow & Co.). 11. Shire Line (T. & J. Brocklebank (Ltd.), Royal Mail Steam Packet Company). 12. Ben Line (William Thomson & Co.). 13. Mutual Line (Alfred Holt & Co.). 14. Shell Line. 15. Hamburg-American Company, of Hamburg.

Conditions: Rebate, 10 per cent. Periods: Two six-monthly periods, 1st of May to 31st of October, and 1st of November to 30th of April. In respect of shipments during first period, one-half of the 10 per cent is paid on the following 1st of January, and one-half on the 1st of July. Rebates not payable on rice and oils from Japan, silk and treasure, the produce of the Eastern Archipelago transhipped at Hongkong, nor on any cargo the freight upon which may be arranged at a net rate. Rebates payable to shippers' London agents.

STRAITS HOMEWARD CONFERENCE.

Area: The trade from Singapore, Penang, and the Malay Peninsula to Europe, except Baltic and Black Sea ports or ports via Europe.

Personnel: (a) In respect of all traffic. 1. Peninsular and Oriental Steam Navigation Company. 2. Ocean Steamship Company (Alfred Holt & Co.). 3. Messageries Maritimes, of Paris. 4. Nord Deutscher-Lloyd, of Bremen. 5. Austrian Lloyd. 6. Navigazione Generale Italiana (Florio and Rubattino United Companies). 7. Compania Transatlantica, of Barcelona. 8. Nippon Yusen Kaisha. 9. Glen Line (McGregor, Gow & Co.). 10. Shire Line, T. & J. Brocklebank Ltd.). Royal Mail Steam Packet Company). 11. Ben Line (William Thomson & Co.). 12. Mutual Line (Alfred Holt & Co.). 13. Shell Line. 14. Hamburg-American Company, of Hamburg. (b) In respect of traffic to continental ports of call or ports adjacent thereto: 15. German Australian Company, of Hamburg. 16. Rotterdam Lloyd, of Rotterdam. 17. Stoomvaart Maatschappij Nederland. 18. East Asiatic Company, of Copenhagen.

19. Russian East Asiatic Company, of St. Petersburg. 20. Russian Steam Navigation and Trading Company. 21. Compagnie Francaise de Navigation de Chargeurs Reunis, of Havre.

The agreements of 1897 and 1901:

Some of the above lines were parties to an agreement dated 23d of November, 1897, and all of them, together with the Compagnie des Vapeurs de Charge Francais, to an agreement, dated 31st of October, 1901, made with certain merchant firms controlling about 60 per cent of the trade and called the freight agents, whereby, inter alia: (a) The freight agents agreed to discontinue chartering or shipping by sailing vessels or steamers to European ports (sailing vessels to Marseille excepted) other than those belonging to the conference, and to do their best to prevent opposition and to maintain freights at a paying level. (b) The shipowners agreed that whenever the average rate of freight, loaded in the straits during each of the six-monthly periods—January to June and July to December—amounted to 25s. or over per scale ton, they would pay into a common fund 5 per cent on the gross amount of freight so loaded in conference steamers, to or via European ports, the said sum to be distributed by the freight agents among themselves and certain other firms giving entire support to the conference lines.

Conditions: Rebate: 10 per cent. Periods: Two six-monthly periods, 1st of January to 30th of June and 1st of July to 31st of December. Rebates on shipments in first period payable as to 5 per cent on 2d of September, provided that up to the 30th of June the shipper has confined his shipments to the conference lines, and 5 per cent on 2d of March in the following year, provided that up to the end of December the same condition has been observed. Payments in respect of the second period are made in a similar way on the 2d of March and 2d of September. No rebate payable on rice, hemp, tobacco, or treasure.

MINOR STRAITS CONFERENCE.

To New York:

Area: The trade from Straits Settlements to New York.

Personnel: 1. Indra Line (T. B. Royden, Liverpool). 2. Shewan, Tomes & Co., of Shanghai. 3. Barber Line, of New York. 4. Mogul Line (Gellatley, Hankey & Co.). 5. Prince Line (James Knott). 6. Dodwell's steamers. 7. Hamburg-American Line, of Hamburg. 8. Rederi Union A Gesellschaft, of Hamburg. 9. American and Oriental Line. 10. United States Line. 11. China and Japan Line. 12. Standard Oil Co., of New York.

Conditions: Rebate similar to that in Straits Homeward Conference.

To Australasia—Area: The trade from Singapore to Adelaide, Melbourne, Sydney, and New Zealand.

Personnel: 1. British-India Steam Navigation Co. 2. Currie's Line (Archibald Currie & Co., of Melbourne). 3. Burns Line (Burns, Philip & Co. (Ltd.), of Sydney, New South Wales). 4. Nord Deutscher Lloyd, of Bremen. 5. Union Steamship Co., of New Zealand.

Conditions: Rebates are paid, averaging 20 per cent.

To Bombay, Hongkong, and China—Personnel: 1. Peninsular & Oriental Steam Navigation Co. 2. Nippon Yusen Kaisha. 3. Austrian Lloyd. 4. Navigazione Generale Italiana, of Rome. 5. Messageries Maritimes, of Paris.

Conditions: Rebate similar to that in Straits Homeward Conference.

To Calcutta—Personnel: 1. British India Steam Navigation Co. 2. Jardine Line. 3. Apcar Line (Apcar & Co., of Calcutta).

Conditions: Rebate: Twenty per cent on sago, sago flour, areca nuts, planks, and scantlings, and 15 per cent on other articles.

From Ceylon—Personnel: 1. Peninsular & Oriental Steam Navigation Co. 2. Ocean Steam Navigation Co. (Alfred Holt & Co.). 3. British-India Steam Navigation Co. 4. Orient & Royal Mail Line. 5. Bibby Line (Bibby Bros. & Co.). 6. Nippon Yusen Kaisha. 7. Clan Line (Cayser, Irvine & Co.). 8. Holts Line (Alfred Holt & Co.). 9. Anchor Line, of Glasgow. 10. City Line (Ellerman Lines). 11. Harrison Line (T. & J. Harrison). 12. Dical Line. 13. Brocklebank Line (T. & J. Brocklebank). 14. Glen Line (McGregor, Gow & Co.). 15. Shell Line. 16. Shire Line (T. & J. Brocklebank (Ltd.); Royal Mail Steam Packet Co.). 17. Ben Line (William Thomson & Co.). 18. Messageries Maritimes, of Paris. 19. British-India Associated Steamers. 20. Queensland & China Mutual.

Conditions: Rebate: Ten per cent deferred for six months.

PHILIPPINE HOMeward CONFERENCE.

Area: The trade in the Philippine Islands to Europe (Baltic and Black Sea ports excepted) or to ports via Europe.

Personnel: 1. Peninsular & Oriental Steam Navigation Co. 2. Ocean Steamship Co. (Alfred Holt & Co.). 3. Messageries Maritimes, of Paris. 4. Nord Deutscher Lloyd, of Bremen. 5. Compania Transatlantica, of Barcelona. 6. Nippon Yusen Kaisha. 7. Glen Line (McGregor, Gow & Co.). 8. Shire Line (T. & J. Brocklebank (Ltd.); Royal Mail Steam Packet Co.). 9. Ben Line (William Thomson & Co.). 10. Mutual Line (Alfred Holt & Co.). 11. Angloaxon Line. 12. Hamburg-American Co., of Hamburg.

Conditions: Amount of rebate: Ten per cent. Periods: Two six-monthly periods, 1st of October to the 31st of March and 1st of April to 30th of September; in respect of shipments in first period, 5 per cent payable on 1st of June and 5 per cent on 1st of December, conditional on loyalty during second period, and so on with rebates in respect of shipments in second period. No rebate on sugar or treasure.

JAVA OUTWARD CONFERENCE.

Area: The trade from Amsterdam, Rotterdam, and ports in the United Kingdom to ports in Java and the Dutch East Indies.

Personnel: 1. Ocean Steamship Co. (Ltd.) (Alfred Holt & Co.). 2. Nederland Steamship Co. 3. Rotterdam Lloyd, of Rotterdam. 4. German Australian Line, of Hamburg. The Nord Deutscher Lloyd, also by agreement, receives a share in the trade.

Conditions: Amount of rebate: Ten per cent. Periods: Six months for account, and three months deferment.

INDIAN CONFERENCES.

Calcutta Outward Conference—Area: The trade from all ports in the United Kingdom and all ports on the Continent from Hamburg and Bremen to Cherbourg, to Calcutta.

Personnel: 1. Peninsular & Oriental Steam Navigation Co. 2. British-India Steam Navigation Co. 3. City Line (Ellerman Lines). 4. Harrison Line (T. & J. Harrison). 5. Clan Line (Cayser, Irvine & Co.). 6. Anchor Line, of Glasgow. 7. Brocklebank Line (T. & J. Brocklebank). 8. Hansa Line (Middlesbrough to Calcutta only). 9. Well Line (Middlesbrough to Calcutta only).

Conditions: These vary, but are generally as follows: Amount of rebate: Ten per cent from London and 20 per cent from Glasgow and Liverpool. On cotton pieces, 5s. 9d. per ton. Periods: Four months for account and four months for deferment. Claim to be presented within 12 months from shipment in some cases and three months from date on which payment is due in others.

CALCUTTA HOMeward CONFERENCE.

Area: The trade from Calcutta to London.

Personnel: 1. Peninsular & Oriental Steam Navigation Co. 2. City Line (Ellerman). 3. Clan Line (Cayser, Irvine & Co.). 4. Harrison Line (T. & J. Harrison). 5. British-India Steam Navigation Co. 6. Anchor Line, of Glasgow. 7. Brocklebank Line (T. & J. Brocklebank) (Ltd.).

Conditions: By special agreement between the conference and tea shippers, in force till 6th of September, 1910, the rate on tea is fixed at 32s. 6d. per ton of 50 cubic feet, subject to a rebate of 5s. (about 15 per cent) when freight is paid; the conference lines undertaking to supply a reasonably sufficient amount of tonnage and not to give any preference to any other cargo, even though the rate on such other cargo be higher. To shippers not signing the agreement a deferred rebate system is applied of an amount not specified. Periods: Four months for account and four months deferment. This conference also controls the trade from Calcutta to South America with transhipments at London and Liverpool.

MINOR CALCUTTA CONFERENCES.

Calcutta and United States Conference.—Personnel: 1. Bucknall Line (Ellerman). 2. Hansa Line, of Hamburg. This conference controls also the trade between Ceylon and the United States under an agreement setting out the obligations of shipowners and shippers. Amount of rebate: Ten per cent. Periods: Six months for account and six months for deferment.

Calcutta and Australian Conference.—Personnel: 1. British-India Steam Navigation Co. 2. Australian and Indian Line (A. Currie & Co., of Melbourne).

Calcutta and South Africa Conference.—Personnel: 1. British-India Steam Navigation Co. 2. Messrs. Bullard, King & Co. (Natal Direct Line).

Conditions: Amount of rebate, 10 per cent.

Calcutta and Siam, China and Dutch Indies Conference.—Personnel: 1. Apcar Line. 2. Indo-China Line. 3. British-India Steam Navigation Co. 4. Java-Bengal Line. Rebate of 10 per cent.

Calcutta and Hongkong and Straits Settlements Conference.—Personnel: 1. Apcar Line. 2. Indo-China Line.

COLOMBO OUTWARD CONFERENCE.

Area: The trade from the United Kingdom to Colombo.

Personnel: 1. Peninsular & Oriental Steam Navigation Co. 2. British-India Steam Navigation Co. 3. T. Wilson, Sons & Co., of Hull. 4. Hansa Line, of Bremen (from Middlesbrough). 5. Clan Line (Cayser, Irvine & Co.). 6. Bibby Line (Bibby Bros. & Co.). 7. Well Line (from Middlesbrough and London).

Conditions: Amount of rebate, 10 per cent. From April 1, 1906, it was 30 per cent on rough goods and 20 per cent on fine goods shipped from Liverpool and Glasgow. Periods: Four months for account and eight months for deferment. From London and coast ports, Newcastle to Southampton, four months and four months; (2) the trade from continental ports between Ostend and Hamburg to Colombo.

Personnel: 1. Peninsular & Oriental Steam Navigation Co. 2. British-India Steam Navigation Co. 3. Hansa Line, of Bremen. 4. Norddeutscher Lloyd, of Bremen. 5. Bibby Line (Bibby Bros. & Co.).

Conditions: Amount of rebate, 10 per cent. Periods: Six months for account and six months for deferment.

Colombo Homeward Conference: Area: The trade from Colombo to the United Kingdom and Continent.

Personnel: 1. Peninsular & Oriental Steam Navigation Co. 2. British-India Steam Navigation Co. 3. Orient & Royal Mail Line. 4. Bibby Line (Bibby Bros. & Co.). 5. Nippon Yusen Kaisha. 6. Clan Line (Cayser, Irvine & Co.). 7. Holts Line (Alfred Holt & Co.). 8. Anchor Line, of Glasgow. 9. City Line (Ellerman Lines). 10. Hall Line (Ellerman Lines). 11. Harrison Line (T. & J. Harrison). 12. Ducal Line. 13. Brocklebank Line (T. & J. Brocklebank). 14. Glen Line (McGregor, Gow & Co.). 15. Shell Line. 16. Shire Line (T. & J. Brocklebank). Royal Mail Steam Packet Co.). 17. Ben Line. 18. Messageries Maritimes, of Paris. 19. British-India Associated Steamers. 20. Queensland Line. 21. China Mutual Line (Alfred Holt & Co.). 22. Ocean Steamship Co. (Alfred Holt & Co.).

Conditions: Amount of rebate, 10 per cent. Periods, six months for account and six months for deferment.

Colombo to North America.—Personnel: 1. Bucknall Line (Ellerman).—2. Hansa Line of Hamburg.

Conditions: Amount of rebate, 10 per cent. Periods, six months for account and six months for deferment. Agreement setting out mutual obligations.

Bombay Outward Conference.—Area: The trade from all ports in the United Kingdom and Continent to Bombay.

Personnel: 1. Peninsular & Oriental Steam Navigation Co. 2. British-India Steam Navigation Co. 3. T. Wilson, Sons & Co. (from Middlesbrough). 4. Ellerman Line (Hall and City Lines). 5. Anchor Line of Glasgow. 6. Clan Line (Cayser, Irvine & Co.). 7. Hansa Line of Bremen.

Conditions: Except as to cotton goods, rebate conditions the same as in the Calcutta trade. As to cotton goods, the shipments are governed by a contract made between the Bombay Native Piece Goods Association and the Anchor, Clan, and Ellerman Lines, terminating December 31, 1910, of which the chief features are: 1. The shipowners undertake to carry all cotton piece goods for members of the association from Glasgow, Liverpool, Birkenhead, and Manchester, to provide steamers of a high class, and give a specified number of sailings. 2. Rate is fixed at 20s. 6d., plus 10 per cent, from Liverpool, Manchester, and Birkenhead, including cost of carriage from Manchester warehouse to dock, dock dues, and haulage. From Glasgow the rate for goods delivered to the shipowners at the wharf is 15s. 6d., plus 10 per cent. 3. Rebate is 4s., payable (a) not only on all goods consigned to members of the association, but (b) also on all goods bought by members after shipment has been made or from stock in Bombay. In case (a) payment is made within two weeks of arrival of steamer, no claim by consignee being necessary; in case (b) consignee must claim within one year and forty-five days from arrival of steamer, and rebate is payable within two weeks of claim. 4. The association undertakes to ship by the conference lines.

Bombay and Singapore, Shanghai, Hongkong, and Japan Conference.—Personnel: 1. Peninsular & Oriental Steam Navigation Co. 2. Austrian Lloyd. 3. Rubattino Line, of Rome. 4. Nippon Yusen Kaisha.

Conditions: Amount of rebate, 25 per cent, applying only to wool, twist cotton, and Indian piece goods. The above lines are also in combination for shipments of cotton from Bombay to Japan.

Karachi Outward Conference: Area: The trade from the United Kingdom and Continent to Karachi.

Personnel: 1. Peninsular & Oriental Steam Navigation Co.; 2. British-India Steam Navigation Co.; 3. Messrs. T. Wilson Sons & Co. (from Hull and Middlesbrough); 4. Hall and City lines (Ellerman); 5. Clan Line (Cayser, Irvine & Co.); 6. Hansa Line, of Bremen.

Conditions: Amount of rebate, 10 per cent; periods, four months for account and four months for deferment. Claims to be presented within three months of date when payment due.

Madras Homeward Conference: Area: The trade from Madras and Pondicherry to the United Kingdom, United States, and Marseille.

Personnel: 1. Peninsular & Oriental Steam Navigation Co.; 2. British-India Steam Navigation Co.; 3. Clan Line (Cayser, Irvine & Co.); 4. Ellerman Line (Hall and City lines).

Conditions: Amount of rebate 10 per cent; periods, three months for account and six months for deferment. Rebate circular only applies to choice cargo, e. g., skins, hides, indigo, coffee, tea, handkerchiefs, etc.

Madras Outward Conference: Area: The trade from the United Kingdom and Continent to Madras.

Personnel: 1. Peninsular & Oriental Steam Navigation Co.; 2. British-India Steam Navigation Co.; 3. T. Wilson, Sons & Co., of Hull; 4. Hansa Line, of Bremen; 5. Clan Line (Cayser, Irvine & Co.).

Conditions: Amount of rebate, 10 per cent from London. From other ports 30 per cent on general goods and 20 per cent on cotton piece goods. Periods: Four months for account and four months for deferment. Claims to be presented within three months of date when payment is due.

Rangoon Conference: Area: The trade homeward and outward between Burmese ports and the United Kingdom and the Continent (between Ostend and Hamburg).

Personnel: 1. Bibby Line (Bibby Bros. & Co.); 2. Henderson Line (Anchor Line); 3. Hansa Line, of Bremen; 4. Holt Line (Alfred Holt & Co., from Liverpool).

Conditions: Amount of rebate, 10 per cent; periods, six months for account and six months for deferment. Claim to be presented within 12 months of date of shipment. Shipments of rice, rice meal, and entire cargoes of teak excepted.

Indian Coastal Trade Conference: Area: The coastal trade, including the trade with Ceylon.

Personnel: British-India Steam Navigation Co.; 2. Asiatic Steam Navigation Co., of Liverpool; 3. Bombay Steam Navigation Co., Limited, of Bombay.

Conditions: Periods, six months for account and six months for deferment.

RIVER PLATE CONFERENCE.

Area: United Kingdom and Continent (between Havre and Hamburg, inclusive), to any port or ports in the Republics of Uruguay, Argentina, and Paraguay.

Personnel: 1. Messrs. Lamport and Holt, of Liverpool; 2. Messrs. R. P. Houston & Co. (Houston Line); 3. Messrs. D. McIvor & Co. (McIvor Line); 4. Messrs. H. and W. Nelson (Nelson Line); 5. Royal Mail Steam Packet Co.; 6. Messrs. Houlder Bros. & Co. (Houlder Line); 7. Prince Line (James Knott); 8. Allan Line, of Glasgow; 9. Norddeutscher Lloyd, of Bremen; 10. Hansa Line, of Hamburg; 11. Hamburg-South American Steamship Co., of Hamburg; 12. Hamburg-American Line, of Hamburg; 13. Chargeurs Reunis, of Havre. According to the form of claim, dated July 1, 1903, the Pacific Steam Navigation Co. are entitled to carry to Montevideo, presumably en route to the West Coast via Straits of Magellan.

Conditions: Rebate, 10 per cent; periods, six months for account and six months for deferment. Also an immediate commission of 5 per cent is allowed to the shipping agent, when employed. Forms of claim to be signed by the merchant resident in Europe and by the forwarding agent, when a forwarding agent is employed, and must be presented three months after date on which payment of rebates becomes due. No rebate allowed where principal does not reside in Europe.

CENTRAL BRAZIL CONFERENCE.

Area: The trade from the United Kingdom or Continent between Antwerp and Hamburg, both inclusive, to Natal, Cabedello (Parahyba), Pernambuco, Maceio, Bahia, Victoria, Rio de Janeiro, and Santos.

Personnel: 1. Messrs. Lamport and Holt; 2. Royal Mail Steam Packet Co.; 3. Pacific Steam Navigation Co.; 4. Messrs. T. and J. Harrison (Harrison Line); 5. Norddeutscher Lloyd, of Bremen; 6. Hamburg-South American Steamship Co., of Hamburg; 7. Hamburg-American Line, of Hamburg.

Conditions: Rebate, 10 per cent; periods, six months for account and six months for deferment. Claims to be signed by the merchant resident in Europe and by the forwarding agent shipping the goods. Claims to be presented within three months of date on which payments become due.

SOUTH BRAZIL CONFERENCE (A BRANCH OF THE CENTRAL BRAZIL CONFERENCE).

Area: The trade from ports in Europe to ports in Brazil south of Santos, viz., Paranaqua, Desterro, San Francisco, Rio Grande do Sul, Porto Alegre and Pelotas.

Personnel: 1. Hamburg-American Line, of Hamburg; 2. Hamburg-South American Line, of Hamburg. (These two lines alone being entitled to carry direct from any European port to the above-mentioned ports.) 3. The other lines in the Central Brazil Conference are entitled to carry to the above ports via Rio de Janeiro.

Conditions: Amount of rebate, 10 per cent. Periods, six months for account and six months for deferment. If goods shipped through an agent, form of claim must be signed by principal as well as by agent. Shipments by nonconference sailing vessels allowed only from Kohlin, Holz, and Salz.

NORTH BRAZIL CONFERENCE.

Area: The trade, either by sailing or steamships, from the United Kingdom or Continent to Para, Manaos, Maranham, Ceara, and Parnahiba.

Personnel: 1. The Booth Line, of Liverpool. (Which claims exclusive right to shipments from the United Kingdom, in addition to sharing shipments from the Continent with the following lines, which are restricted to the Continent.) 2. Hamburg-American Line, of Hamburg; 3. Hamburg-South American Steamship Co., of Hamburg.

Conditions: Rebate, 10 per cent. Periods, six months for account and six months for deferment. Claims to be signed by forwarding agent and principal and presented within three months after payments become due.

MINOR BRAZIL CONFERENCE.

Bahia and Europe conference: Area, the trade from Bahia to ports between Antwerp and Hamburg, inclusive.

Personnel: 1. Hamburg-South American Line, of Hamburg; 2. Hamburg-Amerika Linie, of Hamburg; 3. Norddeutscher Lloyd, of Bremen; 4. Royal Mail Steam Packet Co.

Conditions: Amount of rebate, 10 per cent. Periods, 12 months for account and 3 months for deferment.

Rio de Janeiro and Europe conference: Area, the trade from Rio de Janeiro and Victoria to Antwerp, Rotterdam, Amsterdam, the rivers Weser and Elbe, and Copenhagen.

Personnel: 1. Hamburg-South American Line, of Hamburg; 2. Hamburg-Amerika Linie, of Hamburg; 3. Norddeutscher Lloyd, of Bremen; 4. The Royal Mail Steam Packet Co.

Conditions: Amount of rebate, 10 per cent. Periods, 12 months for account and 3 months for deferment.

Rio de Janeiro and Buenos Aires conference: Area, the trade in coffee from Rio de Janeiro to Buenos Aires.

Personnel: 1. Royal Mail Steam Packet Co.; 2. La Cie. des Messageries Maritimes; 3. Pacific Steam Navigation Co.

Conditions: Amount of rebate, 10 per cent. Periods, 6 months for account and 3 months for deferment.

Rio de Janeiro and Santos (Brazil) to Havre, London, and Southampton conference.

Personnel: 1. Royal Mail Steam Packet Co., of London; 2. La Cie. des Chargeurs Reunis, of Paris.

Conditions: Amount of rebate, progressive 7 per cent to 15 per cent. Period, 12 months for account and 3 months for deferment.

Bahia to Havre, London, and Southampton conference.

Personnel: 1. Royal Mail Steam Packet Co., of London; 2. La Cie. des Chargeurs Reunis, of Paris.

Conditions: Amount of rebate, 10 per cent. Periods, 12 months for account and 6 months for deferment.

Santos, United States, and Europe conference: Area, the trade in coffee from Santos (Brazil) to Antwerp, Amsterdam, Rotterdam, the rivers Weser and Elbe, and ports in the United States of America.

Personnel: 1. Royal Mail Steam Packet Co., of London; 2. Hamburg-South American Line, of Hamburg; 3. Hamburg-Amerika Linie, of Hamburg; 4. Norddeutscher Lloyd, of Bremen; 5. Lamport and Holt, of Liverpool; 6. Prince Line (Ltd.), of Newcastle-on-Tyne.

Conditions: Amount of rebate, progressive, 5 per cent to 10 per cent. Periods, 12 months for account and 3 months for deferment. Shipments by the National Brazilian Line to the United States and by the Koninklijke Hollandsche Lloyd to Amsterdam do not invalidate claim to rebate.

CONFERENCE OF WEST INDIA ATLANTIC STEAMSHIP COMPANIES (WEST INDIAN AND PACIFIC TRAFFIC).

(a) General section: 1. The trade from Europe via Panama to ports between Guayaquil and Valparaiso, both inclusive.

Personnel: 1. Royal Mail Steam Packet Co.; 2. Cie. Gle. Transatlantique, of Paris; 3. Cia. Transatlántica de Barcelona; 4. Hamburg-Amerika Linie, of Hamburg; 5. Harrison Line, of Liverpool; 6. Leyland Line (International Mercantile Marine Co., of New York); 7. La Veloce Navigazione Italiana, of Genoa. Shipments are allowed via Magellan by the Pacific Steam Navigation Co., Lamport and Holt, the Gulf Line, and the Kosmos Line, or via Tehuantepec by steamers of the Conference Lines.

Conditions: Rebate, 10 per cent. Periods, 6 months' account and 6 months' deferment. 2. The trade from the United Kingdom to Limon.

Personnel: 1. Royal Mail Steam Packet Co.; 2. Messrs. F. Leyland & Co. (Ltd.) (International Mercantile Marine Co., of New York); 3. Harrison Line, of Liverpool; 4. La Cie. Gle. Transatlantique, of Paris; 5. Hamburg-Amerika Linie, of Hamburg.

Conditions: Rebate, 10 per cent. Periods, 6 months' account and 6 months' deferment. 3. The trade in coffee from west coast of Mexico and Central America via Panama to Europe.

Personnel: 1. Royal Mail Steam Packet Co.; 2. Cie. General Transatlantique, of Paris; 3. Hamburg-Amerika Linie, of Hamburg; 4. Messrs. F. Leyland & Co. (Ltd.) (International Mercantile Marine Co., of New York); 5. Harrison Line, of Liverpool; 6. La Veloce Navigazione Italiana, of Genoa; 7. Cia. Transatlántica de Barcelona. Shipments by the Kosmos Line via Magellan or via the Tehuantepec route and steamers of the Conference Lines do not invalidate claim to debate.

Conditions: Rebate, 10 per cent. Periods, 12 months' account and 6 months' deferment.

(b) Mexican section: 1. The trade from the United Kingdom and continent to Mexican Atlantic ports.

Personnel: 1. Cie. Gle. Transatlantique, of Paris; 2. Cia. Transatlántica de Barcelona; 3. Cuban Line (Ernest Bigland & Co.); 4. Fred. Leyland & Co. (Ltd.) (International Mercantile Marine Co., of New York); 5. Hamburg-Amerika Linie, of Hamburg; 6. Harrison Line, of Liverpool; 7. Royal Mail Steam Packet Co. Shipments are allowed via New York by Ward Line, of New York.

Conditions: Rebate, 10 per cent. Periods, 6 months' account and 6 months' deferment. 2. The trade from Europe (via Tehuantepec) to ports between Guayaquil and Valparaiso, both inclusive.

Personnel: 1. Cie. Gle. Transatlantique, of Paris; 2. Cia. Transatlántica de Barcelona; 3. Hamburg-Amerika Linie, of Hamburg; 4. Harrison Line, of Liverpool; 5. Leyland Line (International Mercantile Marine Co., of New York); 6. Royal Mail Steam Packet Co.; 7. Cuban Line (E. Bigland & Co.). Shipments are allowed via Magellan by the Pacific Steam Navigation Co., the Kosmos Line, Lamport and Holt, the Roland Line, and the Gulf Line, or via Panama by steamers of the Conference Lines.

Conditions: Rebate, 10 per cent. Periods, 6 months' account and 6 months' deferment. 3. The trade in coffee from west coast of Mexico and Central America (via Tehuantepec) to Europe.

Personnel: 1. Royal Mail Steam Packet Co.; 2. Cie. Gle. Transatlantique, of Paris; 3. Hamburg-Amerika Linie, of Hamburg; 4. Leyland Line (International Mercantile Marine Co., of New York); 5. Harrison Line, of Liverpool; 6. Cia. Transatlántica de Panama; 7. Cuban Line (E. Bigland & Co.). Shipments by the Kosmos Line via

Magellan or via the Panama route and steamers of the Conference Lines do not invalidate claim to rebate.

Conditions: Rebate, 10 per cent. Periods, 12 months' account and 6 months' deferment.

(c) Islands section: The trade from the United Kingdom, Norway, Sweden, Denmark, Germany, Holland, Belgium, France, Spain, and Italy to ports in the Windward and Leeward Islands, West Indies (including St. Thomas and eastward thereof), and in the Guianas.

Personnel: 1. Royal Mail Steam Packet Co.; 2. Cie. Gle. Transatlantique, of Paris; 3. Hamburg-Amerika Linie, of Hamburg; 4. Leyland Line (International Mercantile Marine Co., of New York); 5. Harrison Line, of Liverpool; 6. La Veloce Navigazione Italiana a Vapore; 7. Cia. Trasatlantica de Barcelona; 8. Koninklijke West-Indische Maildienst, of Rotterdam; 9. Det Ostasiatisk Kompagni, of Copenhagen; 10. Scrutton Sons & Co., of London; 11. Prentice, Service & Henderson, of Glasgow; 12. Booker Bros., McConnell & Co. (Ltd.), of Liverpool.

Conditions: Rebate, 10 per cent. Periods, six months' account and 12 months' deferment.

(d) Cuban section: The trade from Antwerp and ports north and east thereof to Cuba.

Personnel: 1. Royal Mail Steam Packet Co.; 2. Norddeutscher Lloyd, of Bremen; 3. Cie. Gle. Transatlantique, of Paris; 4. Hamburg-Amerika Linie, of Hamburg; 5. Cuban Line (Ernest Bigland & Co.).

Shipments are allowed via New York by the Ward Line and the Munson Line, or via Liverpool by the steamers of—1. Larrinaga & Co.; 2. J. Glynn & Son; 3. Serra Steamship Co.; 4. G. H. Fletcher & Co.

Conditions: Rebate, 10 per cent. Periods, six months' account and six months' deferment.

WEST COAST OF SOUTH AMERICA CONFERENCE (VIA MAGELLAN).

Area: The trade by steamers from the United Kingdom or the Continent between Hamburg and Bordeaux (both inclusive) to the Straits of Magellan and the west coast of South America, as far north as Guayaquil.

Personnel: 1. Messrs. Lamport & Holt; 2. Pacific Steam Navigation Co.; 3. Gulf Line (Nautilus Steam Shipping Co.); 4. Kosmos Line, of Hamburg; 5. Roland Line, of Hamburg. The Roland and Kosmos Lines have exclusive right to carry from ports in Germany, Holland, and Belgium, via Magellan, to Chile and Peru. The Kosmos Line, in addition, has exclusive right to carry from continental ports via Magellan to Ecuador and Central America. Shipments are allowed via Panama or via British ports by the Royal Mail Steam Packet Co., Frederick Leyland & Co. (1900) (Ltd.), Harrison Line, the Hamburg-American Line, the Compagnie Generale Transatlantique, La Veloce Navigazione Italiana a Vapore, and the Compania Trasatlantica.

Conditions: Amount of rebate, 10 per cent. Periods, six months for account and six months for deferment. Claim to be signed by merchant resident in Europe and by forwarding agent, and must be presented within three months from date on which payments become due.

SAILING VESSELS CONFERENCE (VIA MAGELLAN).

Area: The trade from German ports and continental ports as far south as Antwerp to west coast ports.

Personnel: 1. Laeisz Line, of Hamburg; 2. Eugen Cellier Line; 3. Rob. M. Sloman Line, of Hamburg. Laeisz Line alone allowed to carry to Valparaiso, but claim for rebates not invalidated by shipments by Kosmos and Hamburg-American lines to ports on the west coast.

Conditions: Deferred rebate system with usual conditions in force in 1905. Conference did not apply to shipments via Panama.

TRINIDAD TO NEW YORK CONFERENCE.

Personnel: 1. Royal Mail Steam Packet Co.; 2. Trinidad Shipping & Trading Co.; 3. Royal Dutch West India Mail Co., of Rotterdam.

Conditions: Amount of rebate, 10 per cent on cocoa shipments. Periods, six months for account and six months for deferment.

CANADIAN CONFERENCE.

(1) Area: The trade from Glasgow to points in Quebec, Ontario, Nova Scotia, and New Brunswick by steamers to Boston, Portland; Halifax, Nova Scotia, St. John, New Brunswick, and the St. Lawrence.

Personnel: 1. Allan Line, of Glasgow. 2. Donaldson Line (Donaldson Bros.). Shipments of box and bale goods are allowed via New York by the Allan or Anchor Lines to points in Quebec and Ontario.

Conditions: A rebate of half the prime, refunded at the end of the direct season.

(2) Area: The trade from Bristol, London, Manchester, and Liverpool to the Provinces of Quebec and Ontario.

Personnel: 1. Allan Line, of Glasgow. 2. Dominion Line (International Mercantile Marine Co., of New York). 3. Elder, Dempster & Co.

Conditions: Amount of rebate, 10 per cent. Periods, six months for account and six months for deferment. Claim to be sent in within three months of date when payment due.

(3) Area: The trade from the United Kingdom to ports on the west coast of Canada and in Puget Sound.

Personnel: 1. Alfred Holt & Co., of Liverpool. 2. Balfour, Williamson & Co. (sailing vessels). Shipments are allowed to the east coast of America, and thence overland by rail.

Conditions: Amount of rebate, 10 per cent. Periods, six months for account, three months for deferment. Claims to be presented within three months of date when payment is due.

NEWFOUNDLAND CONFERENCE.

Area: The trade from Glasgow and Liverpool to St. John.

Personnel: 1. Allan Line (from Glasgow and Liverpool). 2. Furness Line (from Liverpool). 3. Furness Line (from London). 4. Allan Line (from London).

Conditions: Amount of rebate, 10 per cent. Periods, six months for account and six months for deferment. Claim to be made within three months of date when payment falls due.

CANARY ISLANDS CONFERENCE.

Area: The trade to and from Liverpool from and to the Canary Islands.

Personnel: 1. The British & African Steam Navigation Co. (1900) (Ltd.) (Elder, Dempster & Co.). 2. African Steamship Co. (Elder, Dempster & Co.).

Conditions: Amount of rebate, 10 per cent. Periods, three months for account and three months for deferment. Claim to be presented within six months of date of shipment.

EGYPTIAN CONFERENCE.

Area: The trade from the Clyde to Alexandria.

Personnel: 1. John Bruce & Co. (Mossgiel Steamship Co. (Ltd.). 2. Ellerman Line. 3. Moss Line (James Moss & Co.). 4. Crawford, Ruff & Co.

Conditions: Amount of rebate, 10 per cent. Periods, six months for account and six months for deferment. Claim to be presented within three months of date on which payment falls due.

PERSIAN GULF CONFERENCE.

Area: The trade from the United Kingdom and the Continent to Muscat, Bunder Abbas, and ports of the Persian Gulf.

Personnel: Bucknall Line (Sir J. Ellerman). 2. Frank C. Strick & Co. (Ltd.). 3. Hall and City Lines (Ellerman Line). 4. Clan Line (Cayser, Irvine & Co.). 5. Anchor Line, of Glasgow.

Conditions: Amount of rebate, 10 per cent. Periods, six months for account and six months for deferment. Claim to be presented within 12 months of date of shipment.

GLASGOW TO MARSEILLE, ETC.

Area: The trade from Glasgow to Marseille, Genoa, Leghorn, Naples, Catania, Messina, and Palermo.

Personnel: John Bruce & Co. (Mossgiel Steamship Co. (Ltd.)).

Conditions: Amount of rebate, 10 per cent. Periods, six months for account and six months for deferment.

LONDON TO MOMBASSA AND ZANZIBAR.

Personnel: British-India Steam Navigation Co.
 Conditions: Amount of rebate, 10 per cent. Periods, four months for account and four months for deferment.

UNITED KINGDOM TO JEDDAH.

Personnel: Ocean Steamship Co. (Alfred Holt & Co.).
 Conditions: Amount of rebate, 10 per cent. Periods, six months for account and six months for deferment.

UNITED KINGDOM AND CONTINENT TO MARMAGOA CONFERENCE.

Personnel: 1. Ellerman Lines (Hall and City). 2. Frank C. Strick & Co. (Ltd.).
 Conditions: Amount of rebate, 10 per cent. Periods, Six months for account and six months for deferment.

GIBRALTAR AND MOROCCO CONFERENCE.

Area: The trade from the Elbe and Antwerp to Gibraltar and Morocco.
 Personnel: The Oldenburg-Portugiesische Dampfschiffs-Rhederei Aktien-Gesellschaft, of Hamburg. Shipments are allowed to Tangiers by the ships of R. M. Sloman, Jr., of Hamburg.
 Conditions: Amount of rebate, 10 per cent. Periods, six months for account and six months for deferment.

LONDON TO MOROCCO.

Personnel: Royal Mail Steam Packet Co.
 Conditions: Amount of rebate, 10 per cent. Periods, six months for account and six months for deferment.

NOTE.—References to other conferences and rebate systems will be found in the Reports from His Majesty's Representatives Abroad (Appendices, Part III, Austria-Hungary, p. 209; Belgium, p. 210; France, p. 211; Germany, p. 215; Greece, p. 220; Japan, p. 221; Netherlands, p. 222; Norway, p. 223; Spain, p. 226; United States, p. 227.

EXHIBIT B.

[Extract from the Royal Commission on Shipping Rings, vol. 2, pp. 227-228.]

UNITED STATES OF AMERICA.

1. *Dispatch from His Majesty's ambassador to Secretary of State.*

[Inclosure to foreign office letter, No. 15584, of May 17, 1907.]

WASHINGTON. May 3, 1907.

SIR: With reference to your commercial circular of January 31 last, requesting information as to shipping rings and conferences in the United States, I have the honor to transmit to you herewith copies of dispatches on the subject from His Majesty's consular officers at New York and at Portland, Oreg. The others of His Majesty's consular officers who were asked for reports either stated that there were no rings or conferences or were unable to furnish any valuable information on the subject.

I have the honor to be, with the highest respect, sir,

Your most obedient, humble servant,

JAMES BRYCE.

[Inclosure No. 1.]

Dispatch from His Majesty's consular officer at New York to His Majesty's ambassador at Washington.

No. 36 Commercial.]

NEW YORK, April 18, 1907.

SIR: In accordance with the directions contained in Mr. Howard's dispatch, No. 9, of February 13, I have the honor to forward such information as I have been able to procure respecting the existence and operation of shipping rings or conferences in this consular district.

I regret that, owing to disinclination of the part of both shipping companies and individual shippers to afford the information required, it has been found impossible to obtain more than the mere outlines of the exact transactions.

The unwillingness above alluded to is no doubt owing to the fact that in every instance rebates have been offered by the conferences and accepted by the shippers, and constitute business secrets which they are anxious to conceal. Another factor in the difficulty is that should there be any advantage accruing to American trade by such arrangements the persons interested will give no information in the matter.

That shipping rings or conferences exist is an open secret, and the following list reveals the fact that their operations affect all the principal foreign-trade routes from this port.

The well-known conference lines are:

1. *Australia and New Zealand*.—Composed of the Bucknall Line, Federal Steam Navigation Co., Houlder Bros. & Co., Tyser Line, White Star Line via Liverpool for Australia, Atlantic Transport Line via London for New Zealand.

There is a nominal opposition to this ring by the United States and Australia Steamship Co., which is a combination of four or five of the large Australian commission houses, such as Sir Roderick Cameron and H. W. Peabody & Co., who charter vessels, generally British, both steam and sail.

2. *South Africa*.—The steamship companies in this combination are the Union Castle Line, the American & African Steamship Co., the Union Clan Line, the Houston Line, the Prince Line, and the Hansa Line. There appears to be no competition on this route.

3. *China, Japan, and Manila*.—The Lancashire Shipping Co., the British & Foreign Steamship Co., the New York & Oriental Steamship Co., the Hamburg-American Packet Co., the Indra Line, the Ocean Navigation Co., the Prince Line, and chartered tonnage engaged by Messrs. Shewan, Tomes & Co.

These lines form a close corporation and have no competitors except from the Standard Oil Co., who, however, only ship case or bulk oil in their own vessels.

4. *River Plate*.—The conference lines comprise Lamport & Holt Line, Houston Line, Bucknall Line, and Prince Line.

There is considerable competition in this line, and the following lines are the most prominent outsiders: Lancashire Shipping Co., British & Foreign Steamship Co., Larrinaga Steamship Co., and there is also a fair amount of chartered tonnage.

5. *Brazil*.—In this trade the Sloman Line, the Lamport & Holt Line, the Prince Line, and the Booth Line have formed a combination and their principal opponent is the newly formed Lloyd Brazileiro Line. There is also a small amount of independent chartered tonnage.

These rings or conferences have been in existence off and on for from 7 to 10 years, and have varied in their component companies from time to time. In several instances former competitors have been admitted in order that the freight rates may be maintained at the figures which the combination endeavored to enforce.

In respect to the granting of rebates, there is little doubt that in each trade these have been or are still being granted. They are generally deferred rebates payable either three or six months after the close of each individual contract, though in some instances they are payable monthly. The general system appears to be a rebate of 10 per cent of the freight payable at six months after the close of the period contracted for. This extended period allows the combination to investigate and ascertain whether the shippers have kept to their bargain of shipping by the vessels of the conference lines, or have violated the agreement by shipping at reduced rates by competing lines, often in the names of subordinates or clerks in the shipper's firm.

In most instances both the shipowners and shippers deny that any rebates are granted, and though technically correct, such reimbursements can generally be found concealed under such heads as "advertising" or "brokerage."

The object of these rebates is no doubt to stifle competition, as it would be difficult, if not impossible, for any independent line to give service equal to the frequent sailing of the ring and quote rates at least 10 per cent below the conference rates or give the equivalent rebate.

Inquiries which have been made tend to show that though discrimination in rates is granted, the system does not appear to be in force to any great extent, excepting in the case of gigantic corporations such as the Standard Oil Co. and the United States Steel Corporation, both of whom are in a position to dictate their own terms on the threat of giving their business to competing companies or of chartering their own tonnage. It is possible and even probable that other large shippers are occasionally favored in this manner, but all such transactions are disguised under some other name.

It would seem that these combinations which now extend around the world are distinctly in restraint of trade, but as yet no case has been definitely decided by the

courts of this country where any decision has been rendered as to the status of foreign vessels or how they can be treated as common carriers in such a manner as to be amenable to the provisions of the interstate commerce law or the Sherman and Elkins Acts.

Two objections to the system can be urged from the shippers' point of view. First, the sudden advance by the conference lines without notice of the freight rates whereby the shipper who has made his contract some months or perhaps years previously, based on the existing freight rates, suddenly finds himself facing a loss instead of a profit on his merchandise. Where such conference is not in existence, such sudden advances in rates could not be maintained; and though fixed rates are certainly of value, it is better for the shipper to have varying rates from competing lines where he could engage his cargo space as best suited to his own calculations.

Secondly, the arbitrary stand which such combinations take as to their responsibility under a bill of lading. These responsibilities are no doubt fixed by law, but the law also provides that anything written on or stamped with a rubber stamp on a bill of lading and accepted by the shipper becomes a part of the contract; and bills of lading issued by the conferences and rings are so altered by arbitrary clauses that the respective share of the responsibility fixed by the law on the merchant, banker, underwriter, and carrier practically is inoperative, so far as the latter is concerned.

As regards the effects of such combinations in shipping circles on British trade, very little appears to be known here. One gentleman, a large shipper, admitted that the action of the White Star and Atlantic Transport companies, in accepting through rates to Australia and New Zealand at prevailing prices, enabled him to ship American goods at a much smaller cost through Liverpool or London than if he had chartered his own tonnage, and infinitely less than the cost of the British shipper from either of those ports.

The rebates to Australia and New Zealand and to South African ports are practically in abeyance owing to lawsuits which have lately been settled or which are now pending.

Many of the steamship companies who compose the rings on those trade routes are taking the stand that the value of the monopoly is not worth the risk of the publicity of lawsuits or prosecutions to which they might be liable if the Federal Government decides to test the applicability of the existing laws to these combinations.

The case of Thomsen and others *c.* The Union Castle Mail Steamship and others reported in Sir P. Sanderson's No. 3 Commercial of January 8 last, was watched with great interest by the mercantile community, and the dismissal of the action on a technical point is regarded with disappointment. Notice of appeal has been given, but the case is not likely to be tried for some years.

I have, etc.,

C. CLIVE BAYLEY.

[Inclosure No. 2.]

Dispatch from His Majesty's consular officer at Portland to His Majesty's ambassador at Washington.

PORLAND, OREG., March 7, 1907.

SIR: With reference to Mr. Howard's dispatch of the 13th ultimo, I have the honor to report:

First. That a conference has existed for about four years in the trans-Pacific trade, composed of the following steamship companies: Portland & Asiatic Steamship Co., Boston Steamship Co., Boston Towboat Co., Nippon Yusen Kaisha, Canadian Pacific Steamship Co., Great Northern Steamship Co., Ocean Steamship Co., China Mutual Steam Navigation Co., Pacific Mail Steamship Co., and Oriental & Occidental Steamship Co., the object of which is to fix rates from and to the Far East.

That for two years past an agreement has existed between the members of the International Sailing Ship Owners' Society, which embraces about 90 per cent of the foreign sailing tonnage of Great Britain, Germany, and France, the object of which is to fix minimum rates on wheat charters from ports on the Pacific coast. I am unable to give the names of the shipping companies in this agreement or conference.

Second. As far as known, no rebates, discriminations, nor preferences are granted in the trans-Pacific or wheat trades, but the Ocean Steamship Co. and the China Mutual Co. have granted deferred rebates for some years past in their trade between British Columbia, by the Suez route, and United Kingdom and Continent of Europe. This rebate is believed to be 10 per cent and is paid every six months. The object and effect of it is to hold the trade against tramp steamers or others, no rebate being paid if business is divided. Shipping conferences and preferences in this district are not illegal and are not registered. They have a partial effect in keeping what is called tramp steamers out of the trade of regular lines and prevent ruinous cutting of rates between the several lines.

The sailing-ship owners' agreement has had the effect of keeping rates at a reasonable figure, but some trade has been lost to French and British owners, who were not parties to it.

I have, etc.,

JAMES LAIDLAW.

2. Dispatch from acting consul general to His Majesty's ambassador at Washington.

[Inclosure to foreign office dispatch, No. 30224, of September 19, 1907.]

BRITISH CONSULATE GENERAL,
New York, August 29, 1907.

SIR: Referring to my dispatch, No. 36, commercial, of April 18 last, respecting shipping rings and conferences in this consular district, I have the honor to report that I understand that the River Plate and Brazilian conferences, referred to in my dispatch, have now been abandoned.

In the early part of this year the Sloman Line to Brazil was acquired by the Hamburg-American Line, which withdrew the line from the agreement hitherto existing. The competition of this line and the Lloyd Brazileiro, which already pursued an independent policy, made it impracticable for the lines remaining in the ring to enforce their conditions, and the agreement is now in abeyance or disbanded. It is stated that the breaking up of the conference will not subject shippers who are entitled to rebates on business already carried on to any loss in respect of those rebates.

With regard to the River Plate conference, the disruption is ascribed to the competition of outside steamers, especially the Barber Line, which has for some time been quoting net rates and receiving freight without outside conditions. In the face of this competition the maintenance of the conference conditions became so difficult that the Norton and Houston lines have been led to substitute net rates for the previous gross charge, with a rebate of 10 per cent allowed to shippers who did not ship by nonconference steamers during six months or more. On the 19th instant Messrs. Norton & Sons issued a circular to shippers, stating that they were instructed by Messrs. Bucknall Nephews, of London, to advise all shippers to the Uruguayan, Argentine, and Paraguayan Republics that all bonus circulars heretofore issued to shippers by the Norton Line are canceled and withdrawn, and that no bonuses will be paid on shipments hereafter engaged for future sailings on the vessels for this line.

Messrs. Busk & Jevons, who represent the Prince and Lampert and Holt lines, state that the Plate agreement has been broken up by the above-mentioned withdrawals. They have made no formal announcement to shippers, but as they represent the only two lines in the conference the entire conference is generally regarded as having expired.

I have the honor to be, with the greatest respect, sir,

Your excellency's most obedient, humble servant,

C. CLIVE BAYLEY,
Acting Consul General.

EXHIBIT C.

[Extract report of the "Royal Commission on Shipping Rings," vol. 2, p. 107.]

THE SAILING-SHIP OWNERS' INTERNATIONAL UNION—RULES.

1. The association shall be called "The Sailing-ship Owners' International Union," and its headquarters shall be situated in London.
2. The only object of the union for the present shall be to fix minimum rates of freight for the principal voyages in which sailing ships engage, excepting only outward voyages from the United Kingdom or Continent of Europe, for which no rates of freight shall be arranged, each vessel being left free to make the best rates she can.
3. The business of the union shall be managed by a committee consisting of seven representatives from Great Britain, four from France, and four from Germany, who shall meet where and as often as they think desirable in the general interest, with leave in case of necessity to each member of the committee to send a substitute of his own nationality who is a member of the union. This committee shall remain in office until 31st of December in each year. Prior to that time the representative or representatives on the committee of each group of members of the union—British, French, German, or any other nationality—shall call a general meeting of the members of that group, at which the representative or representatives shall be elected to represent that group on the committee for 12 months, from the ensuing 1st of January, due intimation of the election to be sent to the secretary of the international committee.

4. This committee shall from time to time fix the minimum rates of freight from the various loading ports as they judge best in their absolute discretion, and they shall have power to fix different minimum freights for ships of different sizes. Intimation of the rates of freight fixed by this committee shall, as required from time to time, be given to the members of the union per circular letter. This letter shall name a date for any specified rate coming into force, and this date shall apply to the charter party, or loading agreement, and not to the actual loading date. Not less than five days shall elapse between the dispatch of any registered letter from the London office of the union and any rate of freight which it prescribes becoming operative.

5. Such owners as agree to join this union shall bind themselves not to accept for the ships which they control less than the minimum rate appointed by the above-mentioned international committee for any voyage for which the committee shall have fixed a rate of freight, and for all such voyages the various owners are prohibited from chartering except on the recognized terms of charter for the particular trade without any extra commissions, rebates, or back letters. Owners, however, shall be allowed to reimburse the charterers the net cost of any extra insurance the latter may have to pay on the cargo owing to the age or special condition of the ship.

6. Should the minimum rate of freight not be obtainable for any vessel, she shall be laid up until such a rate can be got, or in the option of the owners she has liberty to leave the port in ballast.

7. The committee shall have power to call upon each member of the union to disclose on oath the rate of freight and conditions of any charter.

8. In the event of any member of the union committing any breach of his undertaking or of the rules of the union, he shall pay liquidated damages to the committee of 5s. per ton on the dead-weight capacity of the ship in connection with which the breach has been committed, but should such breach be committed unwittingly and through no fault of the member the committee have discretion to modify the damages.

9. Only owners of ships of 1,000 tons net register and upward shall be eligible to be enrolled in this union.

10. The various owners joining this union shall remain members thereof from year to year, but may terminate their membership on 31st of December in any year on giving two months' written notice (say, on or before 31st of October of that year) to the committee.

11. To provide for the expenses of the union each owner enrolled shall contribute, in advance, £1 sterling per annum for each of his vessels of 1,000 tons net register and upward.

EXHIBIT D.

Form of rebate given by the various shipping concerns. Exhibit 66, printed below, is a copy of agreement between Mr. Purcell, of New York, and the Lamport and Holt Line, running between this country and South America. Extracts are from the hearings before select committee of the House of Representatives to investigate certain charges, under House resolution 543, page 672:

WASHINGTON, D. C., May 23, 1910—2 o'clock p. m.

The committee met at 2 o'clock p. m.

Present, Messrs. Olcott (chairman), Longworth, Hawley, and Garrett.

Also Hon. Halvor Steenerson and Mr. Jackson H. Ralston, counsel for Mr. Steenerson and others.

Also Mr. John A. Penton and Mr. A. S. Worthington, counsel for the American Merchant Marine League.

The CHAIRMAN. I now present the form of contract mentioned in the testimony of Mr. Purcell, relative to the rebate agreement with the five steamship lines mentioned by him. By consent of the committee the contract is to be copied into the record and the original to be returned to Mr. Purcell.

(Said contract is marked "Exhibit No. 66" and is in the words and figures following):

EXHIBIT NO. 66.—*Memorandum of agreement between Messrs. _____ (hereinafter called the "Shippers"), and the Royal Mail Steam Packet Co., Hamburg Sud-amerikanische Dampfschiffahrts-Gesellschaft, Hamburg-Amerika Linie, Norddeutscher Lloyd, Lamport & Holt, Prince Line (Ltd.), (hereinafter called the "Lines"), whereby it is agreed as follows:*

1. That subject to the conditions hereinafter expressed the lines will pay a rebate of 10 per cent on the freight on coffee shipped from Rio de Janeiro and Victoria by their

respective steamers to the ports of Antwerp, Amsterdam, Rotterdam, Copenhagen, and the rivers Weser and Elbe, and to ports in the United States of America, during the year beginning 1st September, 1909, and ending 31st August, 1910, and thereafter year by year until further notice.

The rebate to be paid to the shippers will be computed every 12 months, say, up to 31st August in each year, and be payable three months afterwards, but only if they have confined their shipments to Antwerp, Amsterdam, Rotterdam, Copenhagen, and the rivers Weser and Elbe and Copenhagen, and to ports in the United States, to the lines.

No rebate will be paid on sample lots nor on additional freight charged for delivery at post-terminal destinations of goods shipped on through or optional bills of lading.

A statement of rebate claim must be made on a form as annexed and presented within three months after the 31st August to the agents of the line which has carried the shipments in respect of which the rebate is claimed.

2. That the freight to Europe shall not be more than 5 shillings sterling and 5 per cent prime per ton in excess of that at which coffee can be shipped and actually received at the time in question by outside steamers, with a minimum rate of 25 shillings and 5 per cent prime.

3. That the rate to the United States shall not be more than 10 cents and 5 per cent prime per bag in excess of that at which coffee can be shipped and actually received at the time in question by outside steamers, with a minimum rate of 30 cents and 5 per cent prime.

4. That no exporter shall be allowed more favorable conditions than another.

5. That 14 days' notice will be given of any increase in the rate of freight, and the tonnage required by the shippers will be supplied at the lower rate at the time notice is given to the extent of tonnage available by the ships of the lines loading within 14 days from the date of notice.

6. In case the lines fail to supply the available tonnage required at the above rates of freight by their own or chartered steamers within a reasonable time, say 14 days from the date of request, or if their current rate be not in accordance with what is stipulated in clauses 2 and 3 of this agreement, the shipper shall be at liberty to charter or ship in an outside vessel or vessels, or a part or parts thereof, without prejudice to their right to rebate under this agreement. In case of the shippers deciding to charter outside tonnage upon the grounds that the rate of freight charged by the lines be at any particular time more than 5 shillings and 5 per cent per ton and 10 cents and 5 per cent per bag, respectively, in excess of the rates of freight at which coffee could be shipped in quantity at the time, question by outside steamers, then the shippers shall produce to the agents of the lines in Brazil, at the time of such outside chartering, evidence as to the latter rate of freight. It is understood and agreed that the shippers will not offer, directly or indirectly, any chartered tonnage of theirs to other shippers at a lower rate of freight than their own charter rate.

7. Until further notice any shipments by steamers of the National Brazilian Line, under the Brazilian flag, to the United States, and of the Koninklijke Hollandsche Lloyd to Amsterdam, at not under the rates of freight and conditions of the lines will not prejudice the shippers' claims to rebate.

8. All disputes arising upon this agreement shall be referred to arbitration in London under the terms of the arbitration act 1889. In any such arbitration all protests, certificates of brokers, surveys, and other mercantile documents shall be admitted in evidence for what they are worth.

Dated —————, 1909.

CLAIM FOR REBATES.

RIO DE JANEIRO, VICTORIA, 31st August, 1910.

Messres. —————

We beg to give below a list of the shipments of coffee we have made by the steamers of your line from 1st September, 1909, until 31st August, 1910, on the freight on which we are entitled to a rebate of ————— per cent, in accordance with the memorandum of agreement signed by us.

We hereby declare that during the period named above we have not been interested, directly or indirectly, either as principals or agents, in other shipments of coffee from Rio Janeiro or Victoria to the ports of Antwerp, Amsterdam, Rotterdam, Copenhagen, and the rivers Weser and Elbe, or to ports in the United States of America, by any steamers other than those of the Royal Mail Steam Packet Co., The Hamburg

Sudamerikanische Dampfschiffahrts Gesellschaft, the Hamburg-Amerika Linie, the Norddeutscher Lloyd, Messrs. Lamport & Holt, or the Prince Line (Ltd.).

(Signature must be that of the firm or of a person duly authorized to sign for the firm.)

(Signature of shippers:) _____,
(Address:) _____.

This claim will be valid only if presented within three months from this date.
N. B.—These particulars must accord with the bills of lading of the shipments.

Date of shipment.	Steamer.	Destination.	Marks.	Freight, including primeage.	Per cent rebate.

Shipments at not under conference rates of freight and conditions, to the United States of America by steamers of the National Brazilian Line, under the Brazilian flag, and to Amsterdam by steamers of the Koninklijke Hollandsche Lloyd, will not invalidate claims for rebate.

EXHIBIT E.

REBATE CONTRACT.

[Extract from the "Royal Commission on Shipping Rings," vol. 2, p. 120.]

RIVER PLATE STEAM LINES (OUTWARDS)—NOTICE TO SHIPPERS.

Shippers to all ports of the Argentine, Uruguayan, and Paraguayan Republics are hereby informed that until further notice each of the undersigned steamship lines will pay them a rebate of 10 per cent on the net freight (i. e., freight without primeage) on all goods shipped by their line from 1st October, 1902, except on such as may have been carried under special agreement. This rebate will be allowed from 1st July, 1902, on shipments made from Havre and Dunkirk by steamers of the Chargeurs Reunis.

In the case of goods taken at a through rate from European ports or places, the rebate will be calculated on such through rates. No rebate will be allowed on the extra freight charged to cover delivery at ports or places beyond the steamer's port of discharge, Rosario excepted, and no rebate will be allowed on parcel money.

This rebate is, however, subject to the following conditions: The rebate will be computed every six months, say up to the 30th of June and 31st of December, and be payable six months afterwards, but only to those shippers who have up to such date seen fit to confine their shipments (full cargoes of coal excepted) to the undersigned lines, and have been in no way interested, directly or indirectly, either as principals or agents, in shipments by any other steamer from the United Kingdom or from the Continent between Havre and Hamburg (both inclusive) to any port or ports of the Argentine, Uruguayan, and Paraguayan Republics. In the event of these conditions not being complied with, those shippers or agents who have not shipped exclusively by the steamers of the undersigned lines will, in addition to the loss of rebate, be subject to an increased rate of 10s. per ton over tariff rates on all shipments they may desire to effect by the said lines.

A statement of claim for such rebate to be made on a form as annexed, within three months of the date upon which payment falls due, to the company or line of steamers which shall have carried the goods in respect of which the rebate is claimed.

In the case of goods shipped by a forwarding agent, his signature as well as that of his principal must be affixed to the aforesaid declaration. No rebate may be claimed where the principal does not reside in Europe, or where the forwarding agent has not conformed to the above conditions for all his principals.

Lamport & Holt, R. P. Houston & Co., David MacIver & Co., H. & W. Nelson, Royal Mail Steam Packet Co., Houlder Bros. & Co. (Ltd.); Prince Line (Ltd.); Allan Line Steamship Co. (Ltd.); Norddeutscher Lloyd, Hansa Line, Hamburg-South American Steamship Co., Hamburg-American Line, Chargeurs Reunis.

Liverpool, London, Antwerp, Bremen, Hamburg, and Paris.
1st October, 1902.

EXHIBIT F.

[Extracts from the "Royal Commission on Shipping Rings," volume 2, letters of Mr. A. Stuart, register of imports and exports, Singapore. Page 185.]

THE NEW YORK FREIGHTS CONFERENCE.

76. The shipowners who had so successfully instituted the Straits Homeward Conference, were for long anxious to see the markets of the United States placed in a less advantageous position, probably because the fair and reasonable freights charged to American ports invited comparison, and as has been stated, a limit was set to rates, as the danger of goods being shipped to America and thence to European markets was to be feared.

77. Moreover, the Standard Oil Co., at first chartering steamers to convey their oil to eastern markets and afterwards becoming possessed of their own fleet, was a standing menace to the conference, and whispers were heard of the intention of this company to take return cargo to European ports, en route for America.

78. At any rate, finally a combination was effected (although it is understood the Standard Oil Co. was not at first favorable to this) on the part of steamship owners trading between America and far eastern ports.

79. The ship agents, as far as Singapore is concerned, were already supporters of the Straits Homeward Conference, and one of their number is understood to have proceeded to New York to secure the support of the Standard Oil Co.

80. The steamship lines represented are as follows: Indra, Shewan Tomes & Co., Barber, Mogul, Prince, Dodwell's steamers, Hamburg-America, Rhe derei Union A Gesellschaft, American and Oriental, United States, China and Japan, and Standard Oil Co.; the latter company, however, fly the British flag.

81. Operations came into effect in May, 1905, and on August 24 rates were raised to the level of London, except on tin, rattans, and jelotong.

82. The deferred rebate system was established, 10 per cent being given to shippers who confined their shipments to conference vessels; but there can be no doubt that the same vicious system of secret rebates to favored shippers is also in vogue, and I know of a foreign house of secondary standing to which for some time an additional 5 per cent has been granted.

83. It would, however, require a commission to extract fuller information, as those enjoying this privilege are naturally not communicative on the subject.

84. A committee sits in Singapore weekly, for which Messrs. Paterson, Simons & Co. act as secretaries, but it is stated all orders as to change of rates are from home, though no doubt the local committee have considerable say in the matter.

85. The following rates were in operation prior to the establishment of this conference:

Date.	Tin.	General cargo (per ton).	
		Shillings.	s. d.
January, 1903.	15	17	6 to 20 0
July, 1903.	15	20	6 to 22 6
December, 1903.	15	12	6 to 15 0
July, 1904.	15		25 0
December, 1904.	20		20 0
January, 1905.	15		25 0
May, 1905.	15		25 0
June, 1905.	15		25 0
July, 1905.	15		25 0
August, 1905.	15		25 0

86. On August 24 rates were raised to the home level, viz: Tin, 20s.; general cargo, 27s. 6d. to 75s., and since then freights, with certain exceptions, where they are generally lower, corresponded with European rates.

87. The secretary of this conference at home is Mr. Dermer, care Messrs. Dodwell & Co., Exchange Chamber, 24, St. Mary Axe, E. C.

EXHIBIT G.

[Extracts from pp. 210 and 211, "Royal Commission on Shipping Rings."]

BRAZIL.

Dispatch from His Majesty's minister to secretary of state.

[Inclosure to foreign office dispatch No. 10758, of 2d April, 1908.]

THE BRITISH LEGATION,
Petropolis, March 9, 1908.

SIR: In accordance with the instructions contained in your dispatch, circular commercial (2659), dated the 31st January, 1907 and received on January 27 last, I have the honor to transmit herewith a report on the operation of shipping rings and conferences as affecting the carrying trade to and from Brazil.

I have, etc.,

(For His Majesty's minister),
MILNE CHERETHAM.*Shipping rings or conferences.*

Practically all the steamship lines to Brazil form part of shipping rings or conferences, and as the chief of these are British companies it may be concluded that the operations undertaken by such conferences are not unfavorable to British trade. All the British, German, and French lines are members of the passenger conference, and meetings are held regularly in Paris or London to fix fares and decide all questions relating to passenger traffic.

The Spanish Navegacion Transatlantica has been recently trying to carry third-class passengers to Rio for about 30 milreis (37s. 6d.) less than those companies of the passenger ring who touch in Spain, i. e., The Royal Mail, Messageries Maritimes, Italian "La Veloce," North German Lloyd, Pacific Steam Navigation Co., Hamburg-America, Hamburg-South America.

The ring has, however, made arrangements to carry at the same rate whenever a Spanish ship is advertised to sail, and as this price means a loss the struggle can not be maintained long.

There are several cargo rings, rebates being granted to merchants who confine their shipments to vessels of the companies forming the respective rings.

There is no legislation regulating such conferences in Brazil; all merchants are content to sign agreements with the shipping rings, and thereby secure the rebates; as a result it is an exceedingly difficult matter for outside lines to secure any of the traffic now held by the combined lines, and the lines connected having agreements among themselves are enabled in normal times to maintain freights at a more or less profitable figure.

These agreements, though modified more or less from time to time, came into force for the most part about the year 1903.

The following are the principal combinations, the chief freight from Brazil being of course, coffee: Lampert & Holt, Prince Line, Sloman Line (sold to German lines), to New York and New Orleans.

Rebates according to quantity shipped on a sliding scale of 5 per cent to 25 per cent. Present rate per bag of coffee, 10 cents and 5 per cent prime; basis, 25 cents.

This ring has been until recently engaged in a rate war with the German lines forming the next combination, the latter having purchased the Sloman Line, endeavored to secure a larger share of the United States traffic than was granted to that line under their old agreement with Lampert & Holt, and the Prince Line putting on their own boats to the New York traffic, which they had agreed not to do in consideration of their own monopoly of Antwerp, Hamburg, Bremen, and Rotterdam being respected.

The Lampert & Holt ring retaliated by sending a ship to Antwerp, and the German lines, which are controlled by Messrs. Theodor Wille & Co., the biggest coffee merchants in the country, thereupon reduced the rates to 10 cents a bag of coffee in August, 1907.

The actual cost to load and discharge coffee for the United States is 13 cents, so that since then the freights have entailed a severe loss.

This state of affairs has at last come to an end, and the old agreement has been confirmed: North German Lloyd, Hamburg American Line, Hamburg South America

Line, Royal Mail to Antwerp, Hamburg, Bremen, and Rotterdam grant rebates of 5 per cent; basis, 17s. 6d., and 5 per cent primeage per ton of 1,000 kilos.

The basis has been much reduced and used to be 40s.

The Royal Mail has raised theirs to 30s., finding the lower figure too unprofitable.

The Royal Mail and Chargeurs Réunis to Havre and London grant a rebate of 5 per cent; basis, 30 francs and 10 per cent primeage per ton of 900 kilos.

The Italian lines—La Veloce, Italian General, Italian Lloyds, to Genoa and Naples—grant rebates of 5 per cent; basis, 40 francs and 10 per cent primeage per ton of 1,000 kilos.

The Royal Mail, Pacific Steam Navigation Co., and Messageries Maritimes to Argentina and Uruguay carry at Rs. 1,000 or 1s. 3d. a bag, and the Transports Maritime to Marseille grant a rebate of 5 per cent; basis, 40 francs and 10 per cent primeage a ton of 1,000 kilos.

FRANCE.

Dispatch from His Majesty's minister to Secretary of State.

[Inclosure to foreign office letter, No. 18455, of May 30, 1908. No. 156, commercial.]

PARIS, May 27, 1908.

SIR: With reference to your dispatch No. 4 commercial (232), of the 8th of January last, I have the honor to transmit to you herewith a report containing all the information procurable with regard to the operations of shipping rings or conferences in France.

The delay which has taken place in transmitting this report has arisen from the reluctance shown by the various companies to furnish any information as to their participation in the various rings and conferences.

I have, etc.,

REGINALD LISTER.

MEMORANDUM ON SHIPPING RINGS AND CONFERENCES TO WHICH FRENCH SHIOPWNERS BELONG.

Second category—International rings: Conference relative to the transport of passengers for North America.

The following companies are members: France, Cie. Génie. Transatlantique; England, Cunard Line and White Star Line; United States, American Line; Holland, Holland-America Line; Belgium, Red Star Line; Germany, Hamburg-America Line and Norddeutscher Lloyd.

EXHIBIT G.

[H. J. Res. 230, Sixty-first Congress, second session.]

In the House of Representatives, June 14, 1910, Mr. Humphrey of Washington introduced the following joint resolution; which was referred to the Committee on Rules and ordered to be printed.

JOINT RESOLUTION Authorizing the appointment of a committee to investigate certain foreign shipping rings, pools, combinations, and conferences, and other matters connected therewith.

Whereas ninety-four per centum of the entire exports and imports of the United States are now carried in foreign ships, under the flags of foreign nations who are our rivals in trade and possible enemies in war; and

Whereas all, or practically all, of these foreign ships belong to conferences, pools, or other combinations whereby freight rates are fixed by mutual agreement, so that our entire commerce is carried in ships between which there is no competition; and

Whereas these foreign ships give rebates and other special privileges and pool their earnings; and

Whereas these foreign ships carrying our trade form a complete monopoly and have entered into written agreements among themselves to drive out or destroy any line that attempts to compete with them; and

Whereas these foreign ships always discriminate against the products of this country in favor of the products of the country whose flag they fly; and

Whereas the service given by these foreign ships between this country and most foreign ports, especially between this country and South America, is grossly inadequate and grossly discriminatory against this country in favor of foreign countries; and

Whereas these foreign ships give special rates and other preferences to certain of the great trusts and combines of this country, and especially to what is known as the steel trust, to the Standard Oil Company, and to the harvester combine; and

Whereas these foreign ships dictate freight rates from and to interior points in the United States to and from different ports of the world, and also dictate the ports of the United States through which said freights shall be transported; and

Whereas Japanese ships on the Pacific Ocean have an agreement with the transcontinental railway lines of this country running to Pacific ports whereby these ships dictate the freight rates on our imports and exports passing through the Pacific ports of the United States, both on land and on sea; and

Whereas most of these foreign steamship lines have agents and representatives in this country and have in this country large interests, consisting of terminals and other valuable property; and

Whereas most of these foreign ship lines are receiving subsidies or other aid from the countries to which they belong and are owned or largely controlled by such countries, and form a part of the naval auxiliary of such countries; and

Whereas the methods and practices of the conferences, pools, and combinations formed by these foreign ships are matters of common knowledge in other countries, but general publicity of their methods and practices has never been made in the United States; and

Whereas the practices and methods of these foreign ships, Government aided and controlled, is a violation of our laws and of our commercial treaties, and injurious to our commerce in times of peace and a menace to our safety in time of war: Therefore be it

Resolved, etc., That a special committee of twelve Members be appointed, five of whom shall be designated by the President of the Senate from the Members of that body, and seven of whom shall be designated by the Speaker of the House of Representatives from the Members of that body, which committee is hereby empowered and directed to make a complete and thorough investigation of the methods and practices of the various lines of ships, both of the United States and of foreign countries, engaged in carrying our over-sea or foreign commerce, and especially as to the methods and practices by these lines of forming conferences, pools, or other combinations and agreements for the purpose of giving rebates, special rates, or other special privileges or preferences, and for the purposes of pooling and dividing their earnings, for the purpose of fixing freight and passenger rates, and for the purpose of preventing and destroying competition; also to investigate as to what method, if any, is used by such foreign shipping lines, combinations, and conferences to prevent the publication of their methods and practices in the United States.

And said committee shall further report whether the conduct or methods or practices of said foreign steamship lines are in contravention of our commercial treaties, and whether such methods and practices are not in violation of our laws, and what effect said methods and practices have had on the commerce of the United States.

And said committee shall report to Congress what legislation, if any, it deems advisable should be passed in relation to the matters herein set forth.

Said committee is hereby empowered to sit and act during the recess of Congress and during the session of either or both Houses of Congress, and to require the attendance of witnesses and the production of books, papers, and other documents, by sub-penns or otherwise; to swear such witnesses and to take their testimony under oath, orally or in writing; to obtain documents, papers, and other information from the several departments of the Government or any bureau thereof.

Said committee is hereby authorized to employ such secretaries, experts, stenographers, messengers, and other assistants as shall be necessary to carry out the purposes for which said committee was appointed—all such employees to be paid such compensation as the said committee may deem just and reasonable, upon a certificate to be issued by the chairman of the committee.

For the purpose of its investigations, said committee is hereby authorized to pay the traveling expenses of persons summoned before it for the giving of information on matters pertaining to the subject under consideration.

The members of said committee, or any subcommittee or subcommittees thereof, may make investigations of the questions involved in the United States and elsewhere, and shall be allowed actual and necessary expenses for the same, and the expenses of necessary employees.

Any vacancy on said committee shall be filled in the same manner as the original appointment.

And in case of disobedience to a subpoena this committee may invoke the aid of the court of appeals of the District of Columbia, or any of the circuit courts of the United States within the jurisdiction of which any inquiry may be carried on by said commit-

tee, in requiring the attendance and testimony of witnesses and the production of books, papers, and documents under the provisions of this resolution. And the court of appeals of the District of Columbia, or any of the circuit courts of the United States within the jurisdiction of which the inquiry under this resolution is being carried on, may, in case of contumacy or refusal to obey a subpoena issued to any person under authority of this resolution, issue an order requiring such person to appear before said committee and produce books and papers, if so ordered, and give evidence touching the matter in question, and any failure to obey such order of the court may be punished by such court as a contempt thereof. The claim that any such testimony or evidence may tend to criminate the person giving such evidence shall not excuse such witness from testifying, but such evidence or testimony shall not be used against such person on the trial of any criminal proceeding.

The costs and expenses of said committee shall be paid five-twelfths from the contingent fund of the Senate and seven-twelfths from the contingent fund of the House of Representatives. Said expenses shall be paid out on the audit and order of the chairman or acting chairman of said committee.

EXHIBIT H.

[H. R. 26835, 61st Cong., 2d sess.]

In the House of Representatives June 14, 1910, Mr. Humphrey, of Washington, introduced the following bill, which was referred to the Committee on the Merchant Marine and Fisheries and ordered to be printed:

A BILL To protect American trade and American shipping from foreign monopolies.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That a discriminating duty of ten per cent ad valorem shall be levied, collected, and paid on all goods, wares, or merchandise now on the free list, and a discriminating duty of ten per cent ad valorem, in addition to the duties imposed by law, shall be levied, collected, and paid on all dutiable goods, wares, or merchandise which shall be imported in any vessel not of the United States and which belongs to or is in or is owned or operated or controlled under or in accordance with or in pursuance of or in aid of any combination, conference, agreement, or pool for the purpose of fixing freight or passenger rates, or both of them, or for the purpose of giving rebates, preferential rates, or other discriminations to favored shippers or for the purpose of restraining or preventing competition in transportation.

SEC. 2. That any vessel not of the United States which belongs to or is in or is owned or operated or controlled under or in accordance with or in pursuance of or in aid of any combination, conference, or agreement for the purpose of giving or which gives rebates, preferential rates, or discriminations to favored shippers shall not, under penalty of the forfeiture of the vessel and cargo, carry to or from any port of the United States any goods, wares, or merchandise, except to or from the ports of the country under the laws of which said vessel is registered.

SEC. 3. That any and all clauses in existing treaties with foreign countries in contravention hereof are hereby abrogated: *Provided*, That the provisions of this act shall take effect and be in force from and after the time specified in section four of this act. The Secretary of the Treasury shall prescribe such rules and regulations as may be necessary for carrying out the provisions of this act.

SEC. 4. That the President shall have power, and it shall be his duty, to give notice, within sixty days after the passage of this act, to all foreign countries with which commercial agreements have been entered into making any provision or provisions which are in conflict with sections 1 and 2 of this act, of the intention of the United States to terminate such agreement at a time specified in said notice, which time shall in no case be longer than the period of time specified in such agreements, respectively, for notice for their termination: *Provided*, That until the expiration of the period when the notice of intention to terminate hereinbefore provided for shall have become effective, or until such date prior thereto as the high contracting parties may, by mutual consent, select, the terms of said commercial agreement shall remain in force.

SEC. 5. That the Postmaster General is hereby authorized and directed to cancel any contract for carrying the ocean mails pursuant to the act of March third, eighteen hundred and ninety-one, entitled "An act to provide for ocean mail service between the United States and foreign ports and to promote commerce," on satisfactory evidence to him that any vessel performing such service is in any combination, conference, agreement, or pool for any of the purposes set forth in section one of this act.

PEARSON'S MAGAZINE,
January 16, 1912.

Mr. WILLIAM E. HUMPHREY,
House of Representatives, Washington, D. C.

DEAR MR. HUMPHREY: I have just noticed the report, in this morning's Sun, of the action you have taken before the Rules Committee of the House concerning the Shipping Trust. I write in the matter of the conversation between Mr. Hardwick and yourself concerning the steamship companies' attitude toward newspapers, and our own experience, to which you referred.

Your statement concerning this magazine is correct; but it has qualifications to which I think, in fairness to the Hamburg-American Steamship Co., I should direct your attention. The action concerning advertising in this magazine was taken by the advertising manager of the company, who, it develops, was little more than a clerk. That is to say, all advertising contracts were approved by someone higher up. This advertising manager discontinued their advertising in this magazine and gave as the reason our publication of your article, "Shall we have a ship subsidy?" which was published in the April (1911) issue of this magazine.

Mr. Emil Boaz, the American director of the company, declared, some months later, when the matter was brought to his attention, that he knew nothing about it; that the advertising manager had no right to make such a statement; that he had made the statement without the knowledge of his superiors; that it was not the policy of the company to attempt to influence publication; and I understand either discharged the advertising manager or placed him in some minor position. So you see the actual directors of the Hamburg-American Steamship Co. declare that the company is not responsible for the act to which you refer. As a matter of fact, they sent us an order for advertising in November, 1911.

I think it fair to give you this information.

Yours, very truly,

JOHN THOMPSON.

PEARSON'S MAGAZINE,
January 16, 1912.

Mr. WILLIAM E. HUMPHREY,
House of Representatives, Washington, D. C.

DEAR MR. HUMPHREY: Since writing to you this morning I learn that the Hamburg-American Steamship Co. has asked Mr. Little for a statement. You understand that the developments relating to the responsibility of the man who discontinued our advertising because of your story came some time after Mr. Little had told you about it. He has made that all plain in the statement he gave to the Hamburg-American Line. On second thought, I inclose a copy of that statement.

I think it is fair to you, and I hope it is satisfactory. If you want us to say anything further you may be sure that we will say whatever is necessary in fairness to yourself.

Yours, very truly,

JOHN THOMPSON.

JANUARY 16, 1912.

The statement credited to Congressman Humphrey in this morning's paper is correct, so far as it goes; but the spirit of the incident is not quite fairly represented by Mr. Humphrey's full statement without qualification, based upon later events. I think perhaps it might be my fault that Mr. Humphrey gave to the incident just the twist that he did. I remember several months ago Mr. Humphrey called at our office and in talking over the general results obtained, in connection with the publicity of the magazine by his articles, I told him of our experience in being cut off the advertising list immediately after the publication of his story, and also how a clerk in the advertising department of the Hamburg-American Line had told us very frankly that we had been cut off on account of our publication of that story.

I told Mr. Humphrey at that time that a request had been made of us to publish an answer to his article, and that inasmuch as the answer contained a denial of the charge that newspaper and periodical influence was controlled by the patronage of the advertising department, I refused to publish the answer without a clear understanding to the effect that I proposed putting an editorial note giving evidence to the upholding of Mr. Humphrey's charges, based upon our own experience. The person requesting the publication of the answer in behalf of the so-called shipping trust was not connected with the Hamburg-American Line, and when my condition for such an editorial note as I have described was brought to the attention of the advertising manager of the Hamburg-American Line, Mr. Clauson, he argued against the publication of the

article with any such introduction, and, incidentally, informed us that the subordinate who had undertaken to punish us in the first instance had either been discharged or placed in a different position—I have forgotten which—as the company did not accept responsibility for the policy which he had suggested and were not in sympathy with any such methods. He also stated, incidentally, that Pearson's Magazine had been replaced upon their advertising list. When I heard this, I stated that I would not, under any circumstances, be willing to accept the advertising if the running of the article even with an editorial note were made a condition of the contract, and Mr. Clauson very promptly said that the Hamburg-American Line had no interest at all in the article undertaking to answer the article of Congressman Humphrey beyond the fact that the author had asked certain of its managing staff to review the article and offer any corrections needed; that he, as advertising manager of the Hamburg-American Line, did not care whether the article was published or not and that he thought, under the circumstances, the officers of the line would prefer not having it published as the best means of proving their good faith in their contention that the irresponsible statement of a minor clerk did not represent the policy of the company, and that he would like to have us take the advertising, as his list had been made up from records and upon the merits of publications included. Mr. Clauson also informed us that the directors of his company gave him absolutely free rein in the placing of advertising for business results, pure and simple, and did not look to him in any way to influence editorial opinion.

Mr. Boaz at the time was in Europe, but my brother was taken by Mr. Clauson to see the assistant to the general manager, next in authority, and all of Mr. Clauson's statements were verified. All this later development happened after my conversation with Mr. Humphrey, and I do not believe that anybody ever advised him of the later developments. It is unfortunate that the matter should have been overlooked, as in the present circumstances both the Hamburg-American Line and Mr. Humphrey are placed in somewhat unfair positions, according to which point of view the general reader may happen to hold. We have written Mr. Humphrey to-day explaining the matter.

ARTHUR W. LITTLE.

[Telegram.]

JANUARY 19, 1912.

JOHN THOMPSON,
Pearson's Magazine, New York City, N. Y.

Are you willing to have your letters and Mr. Little's statements published in the hearings? Answer.

W. E. HUMPHREY, M. C.

[Telegram.]

NEW YORK, January 19.

WILLIAM E. HUMPHREY,
House of Representatives, Washington, D. C.

You may use letters and statement, but make beginning third paragraph of my letter read like this: "The general manager in America of the company declared some months later, etc."

JOHN THOMPSON.

JANUARY 24, 1912.

Mr. JOHN THOMPSON,
Pearson's Magazine, New York City, N. Y.

MY DEAR MR. THOMPSON: I am in receipt of your letters of January 16 and also statement of Mr. Arthur W. Little. I have no exception to take to these statements, but think they are fair to me and to the company, according to my recollection. The answer of the company it appears is that it was done through an irresponsible agent. They are entitled to what benefit they can get from such defense, but certainly it will not command the respect of any thinking person. The real question after all, is what construction does the Hamburg-American Line and other lines in the North American Conference place upon article 16 of the agreement under which they are working? I have before me a copy of that agreement, and the article referred to reads as follows:

"ART. 16. (a) The lines undertake to comply with article 8 of the general rules, third series, of the continental conference, which reads as follows: 'No circulars or publications shall be issued by any line reflecting upon or instituting comparisons with any conference line unfavorable to the latter, and no party hereto shall support any newspaper which may systematically attack any conference line.'

"(b) They further undertake to send to the secretary any printed matter and circulars sent to agents in relation to the steerage business, so far as such matters are not of purely internal nature."

Commentary to article 16:

"(a) In view of the fact that the stipulations referred to in this article of the continental conference have stood the test of many years practical working, it was decided not to alter anything with regard to such stipulations of the continental conference, but it was agreed that the words 'support any newspaper' are more especially understood to mean that no advertisements are to be given to such newspaper."

If the company will write or wire me their construction of this article, I shall be glad to incorporate it in the hearings, or if it reaches me too late for that, to give it publicity by inserting it in the Congressional Record, if they so desire. This is the real question, and the taking of the advertisement out of your magazine was only one incident.

Sincerely, yours,

W. E. HUMPHREY.

JANUARY 24, 1912.

ADVERTISING MANAGER, HAMBURG-AMERICAN STEAMSHIP CO.,
New York City, N. Y.

DEAR SIR: According to press reports you have been very much grieved because I made the statement that your line and others in the North Atlantic conference gave advertisements only to those papers that did not "systematically attack any conference lines." I regret if I have misquoted you, and in order to treat you fairly and give you an opportunity to correct any wrong impression that I may have made, I ask your construction of article 16 of the agreement under which the North Atlantic conference is working and which your company signed at London on the 5th of February, 1908. As I have a copy of the agreement before me, for your convenience, I will quote article 16, which is as follows:

"ART. 16. (a) The lines undertake to comply with article 8 of the general rules, third series, of the continental conference, which reads as follows: 'No circulars or publications shall be issued by any line reflecting upon or instituting comparisons with any conference line unfavorable to the latter, and no party hereto shall support any newspaper which may systematically attack any conference line.'

"(b) They further undertake to send to the secretary any printed matter and circulars sent to agents in relation to the steerage business, so far as such matters are not of purely internal nature."

Commentary to article 16:

"(a) In view of the fact that the stipulations referred to in this article of the continental conference have stood the test of many years practical working, it was decided not to alter anything with regard to such stipulations of the continental conference, but it was agreed that the words, 'support any newspaper' are more especially understood to mean that no advertisements are to be given to such newspaper."

I shall be glad to incorporate your answer in the hearings if it reaches me in time, and if not, if you wish to give it publicity, by inserting it in the Congressional Record.

Yours, truly.

W. E. HUMPHREY.

FRANK PRESBREY CO.,
New York, January 26, 1912.

Hon. W. E. HUMPHREY,
House of Representatives, Washington, D. C.

DEAR SIR: Your letter of the 24th, addressed to the advertising manager of the Hamburg-American Line, has been received.

I think my statement given to the press in reply to your remarks before the Rules Committee answered the question fully, and I am ready to stand on that.

Yours, very truly,

FRANK PRESBREY.

HOUSE OF REPRESENTATIVES,
Washington, January 26, 1912.

FRANK PRESBREY,

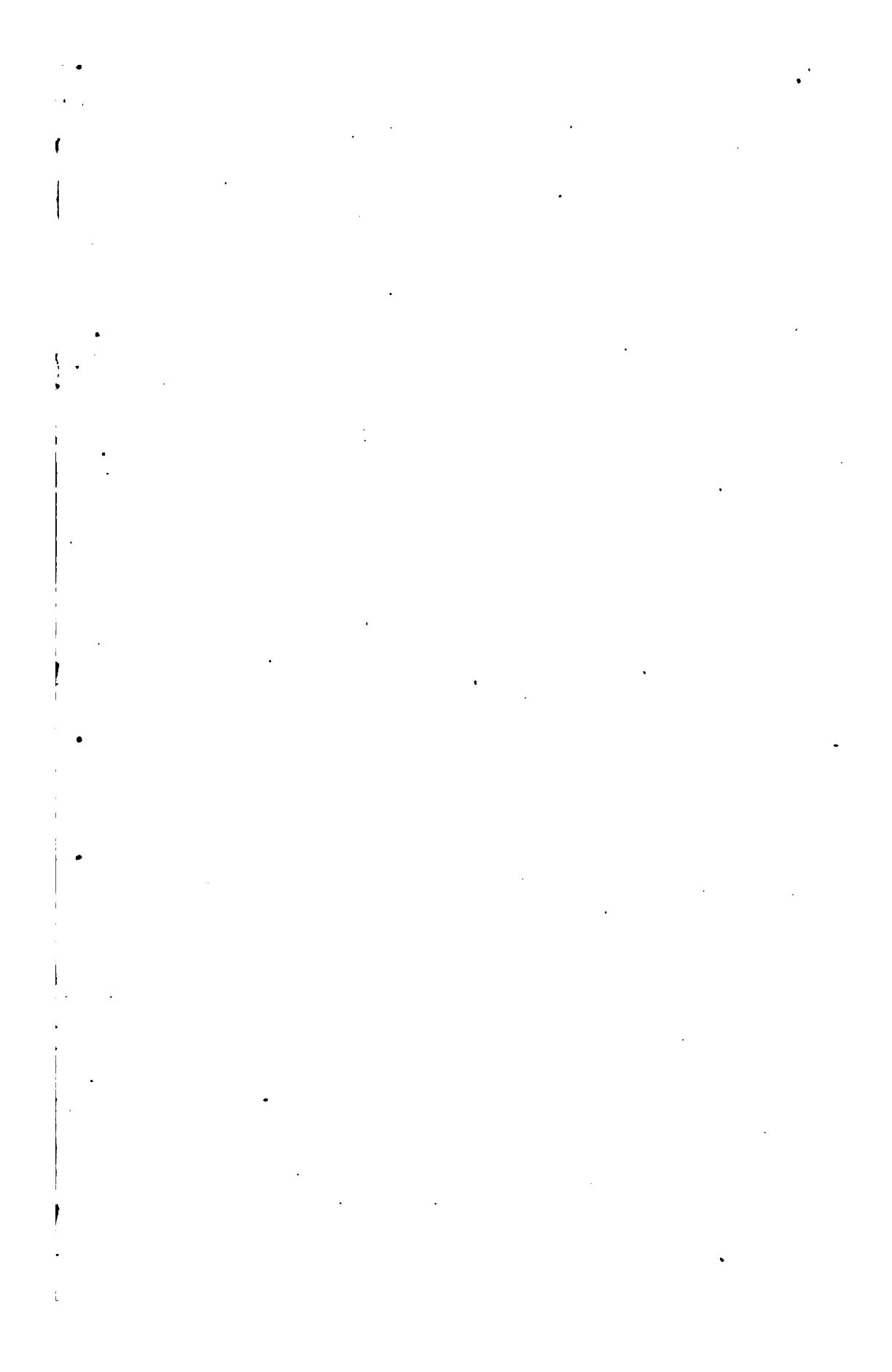
Advertising Agent, Hamburg-American Line, New York City, N. Y.

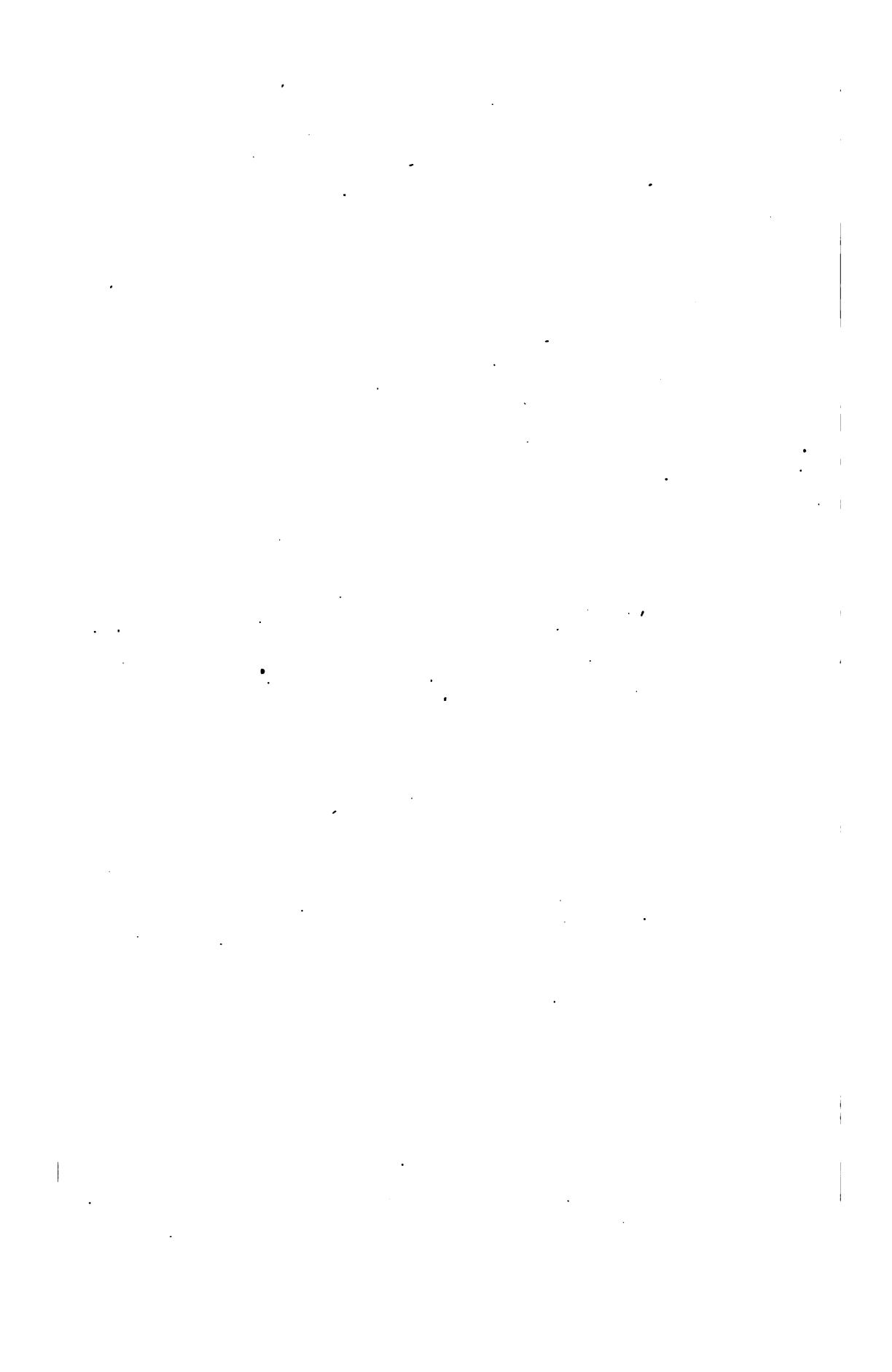
Thinking my letter may not have reached you, in answer to your statements in press, ask you to give your interpretation of article 16 of the agreement entered into by North Atlantic conference lines at London, February 5, 1908; also your explanation as to why Hamburg-American Line withdrew its advertisement in Pearson's immediately after publications of my article. Answer promptly, and I will insert reply in hearings.

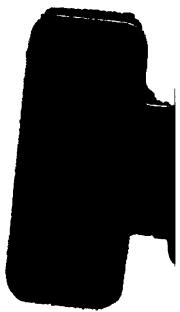
W. E. HUMPHREY, M. C.

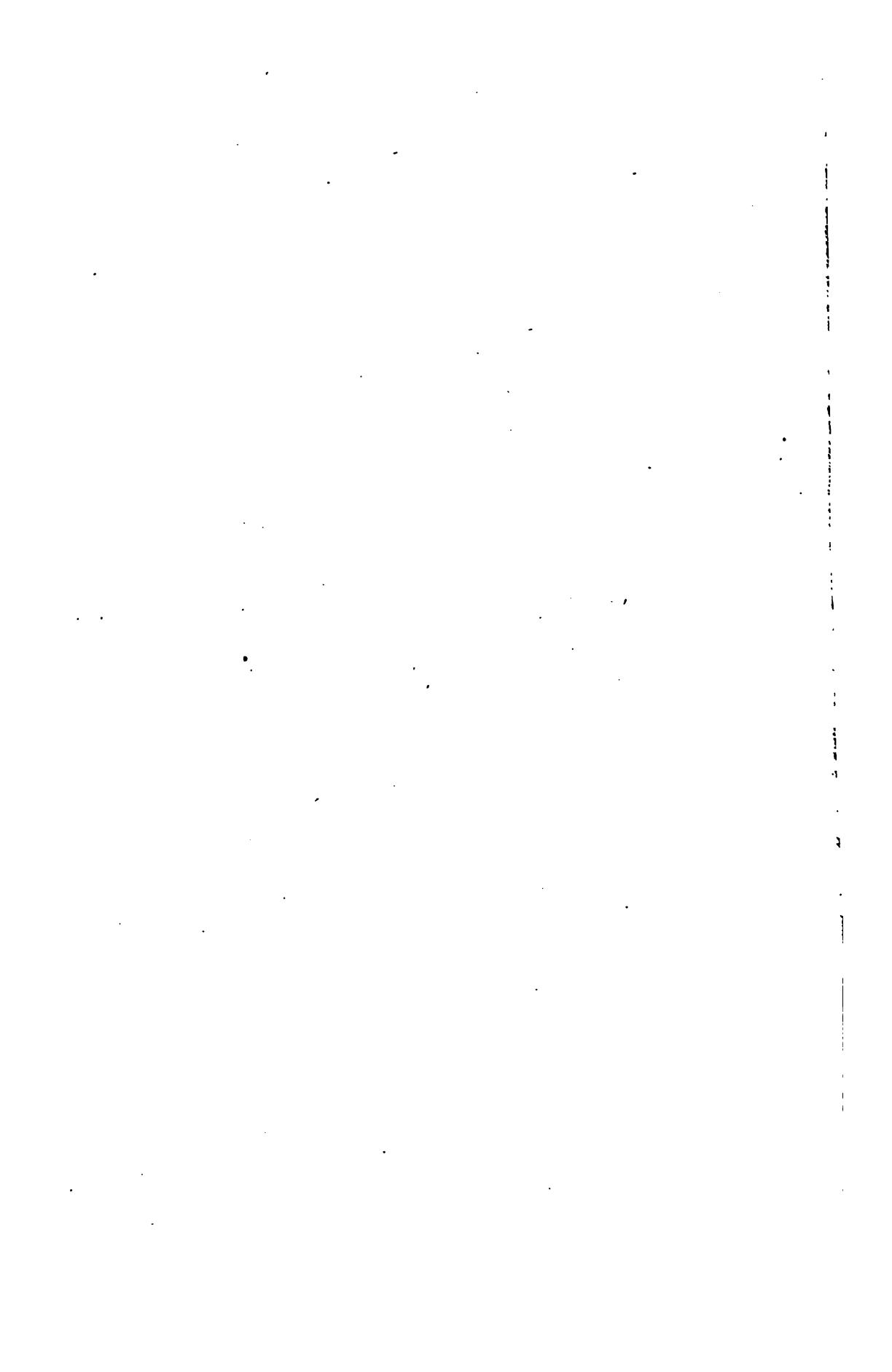


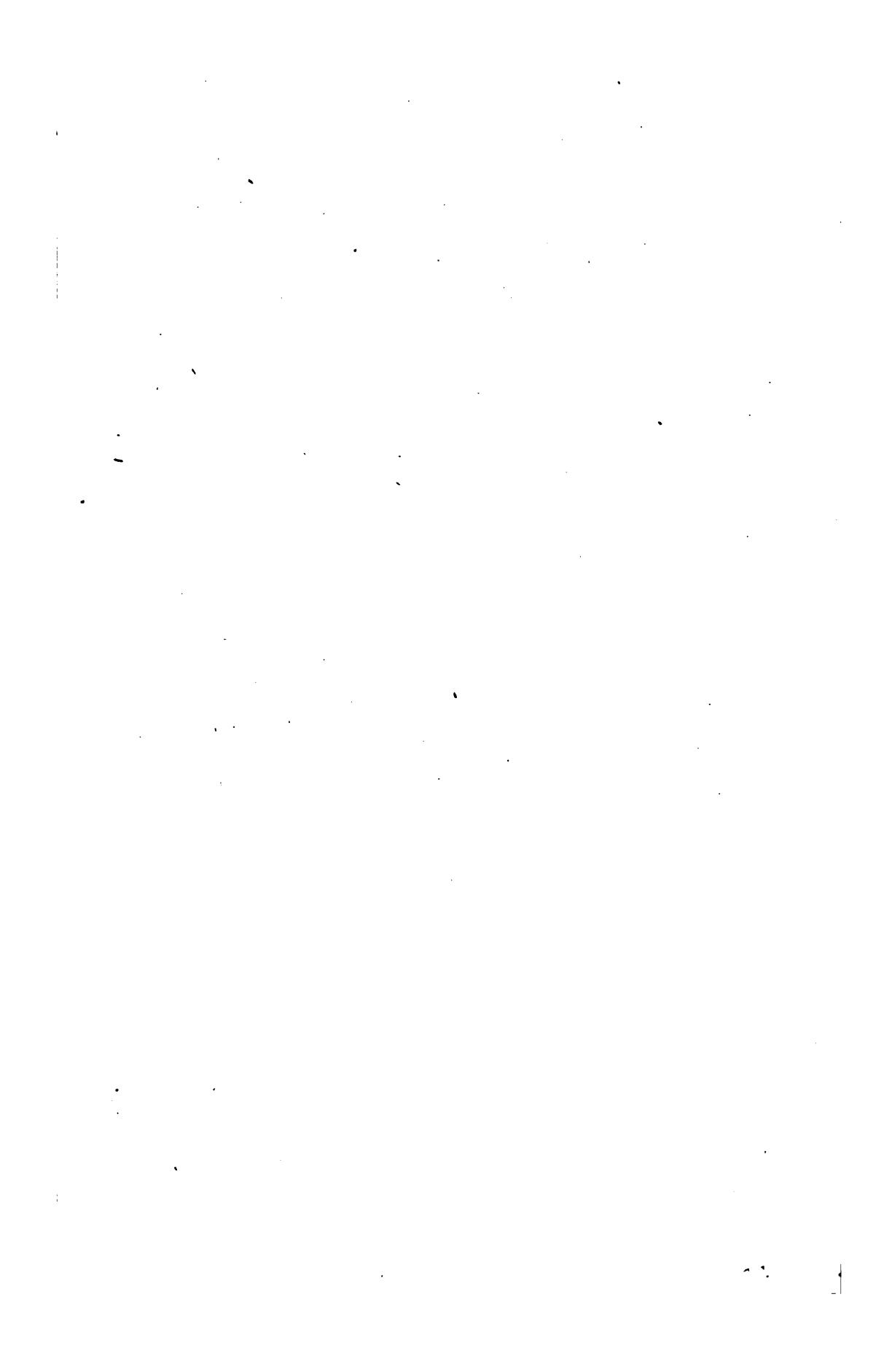
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